

Ga-Segonyana Local Municipality



**2012/2013
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2013**

GA - SEGONYANA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

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GENERAL INFORMATION

MAYOR

Cllr TG Anthony

SPEAKER

Cllr TE Meyers

MEMBERS OF THE EXECUTIVE COMMITTEE

Cllr FP Byleveld

Cllr KA Keikabile

Cllr EB Modise

GRADING OF THE LOCAL AUTHORITY

Grade 4

EXTERNAL AUDITORS

Office of the Auditor General (Kimberley)

Private bag X 5013

Kimberley

8300

PRIMARY BANKER

ABSA Bank Kuruman

REGISTERED OFFICE

Corner of Voortrekker & Skool Street
Kuruman
8460

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MUNICIPAL MANAGER

Mr. GE Ntefang

CHIEF FINANCIAL OFFICER

Ms. MI Semana

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GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 117, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

G E Ntefang
MUNICIPAL MANAGER
31 August 2013

M I Semana
CHIEF FINANCIAL OFFICER
31 August 2013

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MEMBERS OF THE COUNCIL

COUNCILLORS	WARD / PROPORTIONAL	
F.P.	Byleveld	1
M.C.	Leberegane	2
N.G.	Morogong	3
P.Q.	Mogatle	4
N.G.	Disipi	5
T.T.	Tlholonyane	6
M.J.	Polelo	7
T.H.	Lekgetho	8
L.C.	Rapelang	9
M.J.	Dichabe	10
T.E.	Meyers	11
L.S.	Motingwe	12
S.M.	Rayn	13
T.G.	Anthony	P
G.C.	Assegai	P
K.	Bles	P
N.S.	Bloem	P
M.A.P.	Brink	P
K.A.	Keikabile	P
K.B.	Madikiza	P
K.R.	Makwati	P
B.E.	Modise	P
R.R.	Molelekwa	P
B.A.	Motlati	P
N.G.	Thupaemang	P

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MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

G E Ntefang
MUNICIPAL MANAGER
31 August 2013

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AUDIT REPORT

The 2012/13 Audit Report was not available when the Annual Financial Statements were approved and will be attached hereto as Annexure "A" when received after the completion of the statutory audit.

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REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Ga-Segonyana Municipality at 30 June 2013.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2012/13 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2013 indicates an increase in Net Assets, and an increase in both Non-current Liabilities and Current Liabilities.

The increase in Net Assets is ascribed primarily as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits and increase in the provision for the rehabilitation of the municipality's landfill site. The increase in Current Liabilities is primarily as a result of the increase in Creditors and Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2013	2012
Surplus / (Deficit) before Appropriations	3,794,633	7,648,785
Surplus / (Deficit) at the end of the Year	938,076,924	934,282,291
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	21.13%	19.12%
Remuneration of Councillors	2.31%	2.26%
Collection Costs	0.00%	0.00%
Depreciation and Amortisation	19.10%	17.23%
Impairment Losses	3.53%	4.71%
Repairs and Maintenance	7.58%	6.70%
Interest Paid	1.68%	2.45%
Bulk Purchases	19.19%	17.49%
Contracted Services	0.00%	0.00%
Grants and Subsidies Paid	0.00%	0.00%
General Expenses	24.68%	30.04%
Current Ratio:		
Trade Creditors Days	19	16
Debtors from Exchange Transactions Days	46	47

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REPORT OF THE CHIEF FINANCIAL OFFICER

2.2 Performance Indicators:

INDICATOR	2013	2012
Borrowing Management: Capital Charges to Operating Expenditure Borrowing to Total Capital Assets	2.53% 2.87%	3.89% 3.04%
Safety of Capital: Gearing	2.95%	3.10%
Liquidity: Current Ratio Liquidity Ratio	1.45 0.36	1.86 0.52
Capital Expenditure Management: Capital Expenditure on Infrastructure to Total Capital Expenditure Capital Funding from Borrowings to Capital Grants, Subsidies & Donations	22.41% 0.00%	0.00% 0.00%
Revenue Management: Current Debtors Collection Rate Outstanding Debtors to Revenue	97.32% 9.96%	97.64% 9.79%
Creditors Management: Creditors to Cash and Investments	69.59%	60.21%
Financial Viability: Debt Coverage Outstanding Service Debtors to Revenue Cost Coverage	26.95 16.81% 0.08	17.12 16.50% 0.08

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Ga - Segonyana Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2013 are as follows:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	934,282,291	925,309,888	0.97	-	100.00
Operating income for the year	281,771,790	251,806,266	11.90	261,441,792	7.78
Appropriations for the year	-	-	-	-	-
	1,216,054,081	1,177,116,154	3.31	261,441,792	365.13
Expenditure:					
Operating expenditure for the year	277,977,157	244,157,481	13.85	264,083,258	5.26
Sundry transfers	49,247	(1,323,618)	(103.72)	-	100.00
Closing surplus / (deficit)	938,076,924	934,282,291	0.41	(2,641,466)	(35,613.49)
	1,216,103,328	1,177,116,154	3.31	261,441,792	365.15

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REPORT OF THE CHIEF FINANCIAL OFFICER

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	79,231,010	77,482,181	2.26	104,330,231	(24.06)
Expenditure	116,876,967	118,404,802	(1.29)	141,610,359	(17.47)
Surplus / (Deficit)	(37,645,957)	(40,922,621)	(8.01)	(37,280,128)	0.98
Surplus / (Deficit) as % of total income	(47.51)%	(52.82)%		(35.73)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	-	-	-	-	-
Expenditure	4,360	-	100.00	400	990.03
Surplus / (Deficit)	(4,360)	-	100.00	(400)	990.03
Surplus / (Deficit) as % of total income	(100.00)%	-		(100.00)%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	37,265,829	30,886,478	20.65	31,817,789	17.12
Expenditure	25,747,033	21,701,446	18.64	18,012,280	42.94
Surplus / (Deficit)	11,518,795	9,185,032	25.41	13,805,509	(16.56)
Surplus / (Deficit) as % of total income	30.91%	29.74%		43.39%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R53,340,094 (2012: R42,697,316). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	96,648,077	90,519,336	6.77	91,786,438	5.30
Expenditure	88,374,269	72,362,534	22.13	71,367,886	23.83
Surplus / (Deficit)	8,273,808	18,156,802	(54.43)	20,418,552	(59.48)
Surplus / (Deficit) as % of total income	8.56%	20.06%		22.25%	

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REPORT OF THE CHIEF FINANCIAL OFFICER

3.5 Water Services:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Percentage Variance %	Budgeted 2012/13 R	Variance actual/ budgeted %
Income	68,626,874	52,918,271	29.68	33,507,334	104.81
Expenditure	46,974,528	31,688,699	48.24	33,092,333	41.95
Surplus / (Deficit)	21,652,346	21,229,572	1.99	415,001	5,117.42
Surplus / (Deficit) as % of total income	31.55%	40.12%		1.24%	

4. RECONCILIATION OF BUDGET TO ACTUAL

4.1 Operating Budget:

DETAILS	2013	2012
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	(2,641,466)	4,252,424
Revenue variances	20,329,999	66,989,829
Expenditure variances:		
Employee Related Costs	(306,823)	580,404
Remuneration of Councillors	(48,782)	(532,909)
Collection Costs	-	-
Depreciation and Amortisation	(40,070,518)	(23,496,775)
Impairment Losses	(8,329,250)	(11,124,608)
Repairs and Maintenance	1,605,994	862,389
Interest Paid	2,475,706	(2,906,822)
Bulk Purchases	88,866	(1,164,182)
General Expenses	32,939,257	(25,810,966)
Loss on disposal of Property, Plant and Equipment	(2,248,349)	-
Actual surplus before appropriations	3,794,633	7,648,785

DETAILS	2013	2012
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	(2,641,466)	4,252,424
Executive and Council	1,069,949	27,881
Finance and Administration	(1,741,769)	(2,904,407)
Planning and Development	1,478,690	5,600,825
Health	82,173	34,246
Community and Social Services	450,894	(43,217)
Housing	(3,960)	-
Public Safety	3,804,048	(1,111,109)
Sport and Recreation	1,157,499	(631,009)
Environmental Protection	-	-
Waste Management	(2,286,714)	(3,549,477)
Roads and Transport	(6,667,312)	757,653
Water	21,237,345	13,827,031
Electricity	(12,144,744)	(8,612,057)

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Actual surplus before appropriations	3,794,633	7,648,785

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Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

4.2 Capital Budget:

DETAILS	Actual 2012/13 R	Actual 2011/12 R	Variance actual 2012/13 / 2011/12 R	Budgeted 2012/13 R	Variance actual/ budgeted R
Executive and Council	-	378,443	(378,443)	327,000	(327,000)
Finance and Administration	112,300	2,166,260	(2,053,960)	112,300	-
Planning and Development	1,839,639	119,365	1,720,274	9,984,144	(8,144,505)
Community and Social Services	-	3,065,979	(3,065,979)	660,000	(660,000)
Public Safety	815,937	927,044	(111,107)	2,010,500	(1,194,563)
Sport and Recreation	36,200	9,663,130	(9,626,930)	1,820,000	(1,783,800)
Environmental Protection	-	2,550	(2,550)	1,200,000	(1,200,000)
Waste Management	2,542,457	13,861,276	(11,318,819)	4,459,371	(1,916,914)
Roads and Transport	7,729,852	82,090,061	(74,360,209)	6,668,291	1,061,561
Water	36,395,724	60,836,073	(24,440,349)	24,863,442	11,532,282
Electricity	6,054,752	19,609,081	(13,554,329)	64,743,442	(58,688,690)
Other	-	798	(798)	-	-
	55,526,861	192,720,059	(137,193,198)	116,848,490	(61,321,629)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a cryptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (2)".

5. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2013 amounted to R938,076,924 (30 June 2012: R934,282,291) and is made up as follows:

Accumulated Surplus	938,076,924
	<u>938,076,924</u>

6. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2013 was R27,679,212 (30 June 2012: R28,936,775).

7. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2013 was R9,544,840 (30 June 2012: R7,742,489).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 21 for more detail.

8. NON-CURRENT PROVISIONS

Non-current Provisions amounted R12,027,131 as at 30 June 2013 (30 June 2012: R10,017,645) and is made up as follows:

Provision for Long-term Service	2,414,716
Provision for Rehabilitation of Land-fill Sites	9,612,415
	<u>12,027,131</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

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REPORT OF THE CHIEF FINANCIAL OFFICER

Refer to Note 22 for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

9. CURRENT LIABILITIES

Current Liabilities amounted to R 50 506 626 (2012 - R 32 966 542) and is made up as follows:

Consumer Deposits	Note 15	2,430,997
Provisions	Note 16	477,860
Payables from Exchange Transactions	Note 17	12,644,226
Payables from Non-exchange Transactions	Note 18	9,525,600
Unspent Conditional Grants and Receipts	Note 19	22,694,232
Current Portion of Long-term Liabilities	Note 20	2,733,711
		<hr/>
		50,506,626

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

10. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R962,002,060 as at 30 June 2013 (30 June 2012: R949,897,500).

Refer to Note 10 and Appendices "B" and E (2) for more detail.

11. INTANGIBLE ASSETS

The net value of Intangible Assets were R88,501 as at 30 June 2013 (30 June 2012: R93,488).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 11 and Appendix "B" for more detail.

12. INVESTMENT PROPERTY

The net value of Investment Properties were R704,000 as at 30 June 2013 (30 June 2012: R704,000).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 12 and Appendix "B" for more detail.

13. HERITAGE ASSETS

The net value of Heritage Assets were R1,584,840 as at 30 June 2013 (30 June 2012: R1,601,700).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 13 and Appendix "B" for more detail.

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REPORT OF THE CHIEF FINANCIAL OFFICER

14. LONG-TERM RECEIVABLES

Long-term Receivables of R432,040 at 30 June 2013 (30 June 2012: R251,086) is made up as follows:

Housing Loans	251,086
Commitments	451,687
	<hr/>
Less: Short-term portion included in Current Assets	702,773
	<hr/>
	270,733
	<hr/>
	432,040

The increase in the amount for Long-term Receivables is due to the increased amount of debt arrangements entered into with consumer debtors.

Refer to Note 14 for more detail.

15. CURRENT ASSETS

Current Assets amounted R73,023,292 as at 30 June 2013 (30 June 2012: R61,397,968) and is made up as follows:

Inventories	Note 2	21,527,047
Receivables from Exchange Transactions	Note 4	13,975,252
Receivables from Non-exchange Transactions	Note 5	4,769,705
VAT Receivable	Note 6	14,308,831
Cash and Cash Equivalents	Note 7	18,170,006
Operating Lease Assets	Note 8	1,717
Current Portion of Long-term Debtors	Note 14	<hr/> 270,734
		<hr/> 73,023,292

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents as well as an increase in VAT refundable as at 30 June 2013.

Refer to the indicated Notes for more detail.

16. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 19 and 24, and Appendix "F" for more detail.

17. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 49.

18. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 August 2013

GA-SEGONYANA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Note	Actual 2013 R	2012 R
ASSETS			
Current Assets		73,023,292	61,397,968
Inventories	2	21,527,047	21,149,858
Receivables from Exchange Transactions	4	13,975,252	12,231,872
Receivables from Non-exchange Transactions	5	4,769,705	4,151,163
VAT Receivable	6	14,308,831	6,781,307
Cash and Cash Equivalents	7	18,170,006	17,045,257
Operating Lease Receivables	8	1,717	306
Current Portion of Long-term Receivables	9	270,734	38,205
Non-Current Assets		964,811,441	952,547,774
Property, Plant and Equipment	10	962,002,060	949,897,500
Intangible Assets	11	88,501	93,488
Investment Property	12	704,000	704,000
Heritage Assets	13	1,584,840	1,601,700
Long-term Receivables	14	432,040	251,086
Total Assets		1,037,834,733	1,013,945,741
LIABILITIES			
Current Liabilities		50,506,626	32,966,542
Consumer Deposits	15	2,430,997	2,192,025
Provisions	16	477,860	395,263
Payables from Exchange Transactions	17	12,644,226	10,262,421
Payables from Non-exchange Transactions	18	9,525,600	5,165,895
Unspent Conditional Grants and Receipts	19	22,694,232	12,471,113
Bank Overdraft	7	-	181,378
Current Portion of Long-term Liabilities	20	2,733,711	2,298,448
Non-Current Liabilities		49,251,183	46,696,909
Long-term Liabilities	20	27,679,212	28,936,775
Retirement Benefit Liabilities	21	9,544,840	7,742,489
Non-current Provisions	22	12,027,131	10,017,645
Total Liabilities		99,757,809	79,663,451
Total Assets and Liabilities		938,076,924	934,282,291
NET ASSETS		938,076,924	934,282,291
Accumulated Surplus		938,076,924	934,282,291
Total Net Assets		938,076,924	934,282,291

GA-SEGONYANA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

			Actual
	Note	2013 R	2012 R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	23	16,889,433	14,823,008
Fines		4,814,028	4,499,321
Licences and Permits		3,418,722	3,042,113
Government Grants and Subsidies Received	24	152,369,838	139,658,905
Public Contributions and Donations	25	2,196,200	-
Revenue from Exchange Transactions			
Service Charges	26	94,335,318	81,059,627
Rental of Facilities and Equipment	27	1,265,072	1,670,431
Interest Earned - External Investments	28	1,714,060	1,080,107
Interest Earned - Outstanding Debtors	28	636,884	1,964,552
Other Revenue	29	3,084,527	3,415,552
Gains on Disposal of Property, Plant and Equipment		-	-
Profit on Sale of Land:-		1,047,709	592,651
Sale of Land		1,047,709	592,651
Cost of Sales		-	-
Total Revenue		281,771,790	251,806,266
EXPENDITURE			
Employee Related Costs	30	58,726,879	46,675,375
Remuneration of Councillors	31	6,418,885	5,529,825
Depreciation and Amortisation	32	53,099,218	42,065,065
Impairment Losses	33	9,813,610	11,490,078
Repairs and Maintenance		21,069,350	16,359,201
Finance Costs	34	4,661,124	5,990,080
Bulk Purchases	35	53,340,094	42,697,316
General Expenses	36	68,599,648	73,350,542
Loss on Disposal of Property, Plant and Equipment		2,248,349	-
Total Expenditure		277,977,157	244,157,481
SURPLUS / (DEFICIT) FOR THE YEAR		3,794,633	7,648,785
		0.00	

GA-SEGONYANA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

Description	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R
2012		
Balance at 30 June 2011	925,309,888	925,309,888
Correction of Error (Note 38)	1,323,618	1,323,618
Restated Balance	926,633,506	926,633,506
Surplus / (Deficit) for the year	7,648,785	7,648,785
Balance at 30 June 2012	934,282,291	934,282,291
2013		
Restated Balance	934,282,291	934,282,291
Surplus / (Deficit) for the year	3,794,633	3,794,633
Balance at 30 June 2013	938,076,924	938,076,924

GA-SEGONYANA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

		Actual	
	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		16,889,433	14,823,008
Government Grant and Subsidies		162,592,957	149,030,684
Service Charges		91,973,396	80,712,497
Interest Received		2,350,944	3,044,659
Other Receipts		16,307,477	12,989,280
Payments			
Employee Related Costs		(54,209,034)	(45,530,077)
Remuneration of Councillors		(6,418,885)	(5,529,825)
Interest Paid		(4,661,124)	(5,990,080)
Suppliers and Other Payments		(156,857,665)	(135,795,792)
NET CASH FLOWS FROM OPERATING ACTIVITIES	39	67,967,498	67,754,355
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(65,386,530)	(47,590,445)
Purchase of Intangible Assets		(39,058)	(21,930)
Proceeds on Disposal of Property, Plant and Equipment			1,585,743
Proceeds on Disposal of Heritage Assets			
Decrease in other financial assets			222
Decrease / (Increase) in Long-term Receivables		(413,483)	101,442
NET CASH FLOWS FROM INVESTING ACTIVITIES		(65,839,071)	(45,924,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		1,547,378	866,250
Repayment of Borrowings		(2,369,678)	(3,504,524)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(822,300)	(2,638,274)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	1,306,128	19,191,112
Cash and Cash Equivalents at Beginning of Period		16,863,878	(2,327,233)
Cash and Cash Equivalents at End of Period		18,170,006	16,863,878

GA - SEGONYANA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2012 and 30 June 2013 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

(a) is required by a Standard of GRAP; or

(b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2. CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2. 1 Revenue Recognition

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

1. BASIS OF PRESENTATION (continued)

1. 2. CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 1 Revenue Recognition (continued)

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 7.1 on *Financial Assets Classification* and Accounting Policy 7.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments*.

GA - SEGONYANA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

1. 2. 3 Impairment of Financial Assets

Accounting Policy 7.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of trade and other receivables from exchange transactions amounted to R 7 370 654 and that of trade and other receivable from non exchange transactions to R2 442 957

1. 2. 4 Useful lives of Property, Plant and Equipment, Intangible assets and Investment property

As described in Accounting Policies 2.3, 4.2 and 5.2 the municipality depreciates/ amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1. 2. 5 Impairment: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

Accounting Policy 7 on *Impairment of assets* and Accounting Policy 4.2 on *Intangible assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 8.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management. During the year the estimated impairments to Property plant and equipment amounted to R 59 481, whilst no impairments were made to intangible assets or inventory.

1. 2. 6 Water inventory

The estimation of the water stock in the reservoirs is based on actual measurements in the current year as well as the measurement of water via electronic level sensors (in the prior financial year), where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore the length and width of all pipes in the municipality's reticulation network are also taken into account in determining the volume of water on hand at year-end. Refer to accounting policy 8.2.

1. 2. 7 Defined Benefit Plan Liabilities

As described in Accounting Policy 12, the municipality obtained actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 21 and 22 to the Annual Financial Statements.

1. 2. 8 Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities as set out in note 22 to the Annual Financial Statements respectively. Provisions are discounted where the effect of discounting is material.

GA - SEGONYANA MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE**

1. 2. 9 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. BASIS OF PRESENTATION (continued)

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 6 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 20 Related Party Disclosures (Revised)
GRAP 25 Employee Benefits - issued December 2009
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2 PROPERTY, PLANT AND EQUIPMENT

2 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

2 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalue amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
<i>Infrastructur</i>			
Roads and Paving	4 - 100	<i>Buildings</i>	30
Refuse	15 - 100		
Electricity	5 - 50	<i>Other</i>	
Water	4 - 100	Specialist Vehicles	10 - 20
Sewerage	5 - 100	Other Vehicles	5 - 20
Housing	5 - 30	Office Equipment	3 - 20
Landfill Sites	15	Furniture and Fittings	3 - 20
		Bins and Containers	5
		Specialised Plant and Equipment	10 - 15
<i>Community</i>		Other items of Plant and Equipment	3 - 20
Recreational Facilities	5 - 30	Emergency equipment	5 - 20
Security	5 - 30		
Halls	5 - 30	Computer equipment	5 - 20
Libraries	5 - 30		
Parks and gardens	5 - 30		
Other assets	5 - 30		
Finance lease assets			
- Office equipment	3 - 5		
- Other assets	3 - 5		

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

2 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

2 5 Finance Leases

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

2 PROPERTY, PLANT AND EQUIPMENT (continued)

2 6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

2 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

2 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the Derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3 Heritage Assets

An heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

3 1 Initial Recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

3 2 Subsequent Measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

3 3 Derecognition of Heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the Derecognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

Transitional provisions

The municipality utilised the transitional provisions under Directive 4, which allows 3 year for the measurement of heritage assets.

4. INTANGIBLE ASSETS

4. 1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21 / GRAP 26.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

4. INTANGIBLE ASSETS

4. 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

<i>Intangible asset</i>	<i>Years</i>
Software	3 - 5

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

4. 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 INVESTMENT PROPERTY

5 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE**

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc.; and
- Property held for strategic purposes or service delivery.

5 INVESTMENT PROPERTY (continued)

5 2 Subsequent Measurement - Cost Model

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal

6 IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

6 1 Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset"

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

6 2 *Impairment of Non-Cash generating assets*

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

7 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement . The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

7 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Financial assets measured at fair value are financial assets that meet either of the following conditions:

- (a) derivatives;
- (b) combined instruments that are designated at fair value
- (c) instruments held for trading.
- (d) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- (e) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost
Investments in Fixed Deposits	Financial asset at amortised cost

7 FINANCIAL INSTRUMENTS (continued)

7 1 Financial Assets - Classification (continued)

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

7 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Financial liabilities measured at fair value or
- (ii) Financial liabilities measured at amortised cost
- (iii) Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Liabilities	Classification in terms of GRAP 104
Long term Liabilities	Financial liability at amortised cost
Other Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term Loans	Financial liability at amortised cost
Current portion of Long-Term	Financial liability at amortised cost

Financial liabilities that are measured at fair value financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

7 3 Initial and Subsequent Measurement

7 3. 1 Financial Assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis..

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as Financial asset at amortised cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

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7 3. 2 Financial Liabilities:

Financial liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities measured at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

7 4 Impairment of Financial Assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Financial assets carried at amortised cost

Accounts receivables encompasses long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

Impairment of Financial Assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

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7 5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

7 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

8 INVENTORIES

8 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

8 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water inventory

Water is regarded as inventory when the municipality purify water with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Redundant and slow-moving inventories

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The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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9 NON-CURRENT ASSETS HELD-FOR-SALE

9 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

9 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

10 REVENUErecognition

10 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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10 2 Revenue from Exchange Transactions

10 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

10 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

10 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

10 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

10 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

10 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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10 2. 7 *Rentals*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

10 2. 8 *Dividends*

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

10 2. 9 *Royalties*

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

10 3 *Revenue from Non-exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

10 3. 1 *Rates and Taxes*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

10 3. 2 *Fines*

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

An estimate is made for revenue from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue is recognised when the public prosecutor pays the cash collected over to the entity.

10 3. 3 *Public contributions*

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

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10 3. 4 Government Grants and receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

10 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

11 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Provision for Restructuring cost

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;

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- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- when the plan will be implemented; and;

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising of the rehabilitation and landfill site closure, are taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

12 EMPLOYEE BENEFITS

12 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

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12 2 1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

12 3 Defined Benefit Plans

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

12 3. 1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "*corridor method*". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

12 3. 2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

12 3. 3 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 49 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

13. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

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Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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13. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to Derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability

13. LEASES

13. 1 The Municipality as Lessee (continued)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13. 2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

13. 3 Determining whether an arrangement contains a lease

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

14 BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2009 for low capacity municipalities, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2009) are recognised as an expense. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

GA - SEGONYANA MUNICIPALITY

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE**

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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15 GRANTS - IN - AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16 VALUE ADDED TAXVALUE ADDED TAXVALUE ADDED TAXVALUE ADDED

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

17 UNAUTHORISED EXPENDITUREUNAUTHORISED EXPENDITUREUNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

18 IRREGULAR EXPENDITUREIRREGULAR EXPENDITUREIRREGULAR EXPENDITUREIRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19 FRUITLESS AND WASTEFUL EXPENDITUREFRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 37 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 38 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

21 RELATED PARTIES

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

22 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

23 FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

24 COMPARATIVE INFORMATION

24 1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

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**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE**

24 2 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over or under spending of more than 10 % on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2012 to 30 June 2013.

25 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

26 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27 CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts that are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

- (1) Approved Budget: The Final Budget approved by council and submitted to National Treasury.
- (2) Final Budget: The Final Amended Budget used by the municipality, for which council approval was not obtained (i.e. adjustments/virements allowed without council approval).
- (3) If the Approved Budget (normally the Adjustment Budget) is the same as the Final Budget, only column need to be used.

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL POSITION	R	R	R	R	R	R	R	R	R	R
Current Assets										
Inventories	9,717,406	-	9,717,406	-	9,717,406	21,527,047	-	11,809,641	221.53	221.53
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	21,545,357	-	21,545,357	-	21,545,357	13,975,252	-	(7,570,105)	64.86	64.86
Receivables from Non-exchange Transactions	10,291,830	-	10,291,830	-	10,291,830	4,769,705	-	(5,522,125)	46.34	46.34
VAT Receivable	-	-	-	-	-	14,308,831	-	14,308,831	0.00	0.00
Cash and Cash Equivalents	70,000,000	-	70,000,000	-	70,000,000	18,170,006	-	(51,829,994)	25.96	25.96
Operating Lease Receivables	-	-	-	-	-	1,717	-	1,717	0.00	0.00
Current Portion of Long-term Receivables	-	-	-	-	-	270,734	-	270,734	0.00	0.00
Non-Current Assets										
Property, Plant and Equipment	1,131,129,000	-	1,131,129,000	-	1,131,129,000	962,002,060	-	(169,126,940)	85.05	85.05
Intangible Assets	-	-	-	-	-	88,501	-	88,501	0.00	0.00
Investment Property	-	-	-	-	-	704,000	-	704,000	0.00	0.00
Heritage Assets	-	-	-	-	-	1,584,840	-	1,584,840	0.00	0.00
Long-term Receivables	578,803	-	578,803	-	578,803	432,040	-	(146,763)	74.64	74.64
Total Assets	1,243,262,396	-	1,243,262,396	-	1,243,262,396	1,037,834,733	-	(205,427,663)	83.48	83.48
Current Liabilities										
Consumer Deposits	2,038,832	-	2,038,832	-	2,038,832	2,430,997	-	392,165	119.23	119.23
Provisions	8,477,674	-	8,477,674	-	8,477,674	477,860	-	(7,999,814)	5.64	5.64
Payables from Exchange Transactions	28,058,246	(13,891,289)	14,166,957	-	14,166,957	12,644,226	-	(1,522,731)	89.25	45.06
Payables from Non-exchange Transactions	-	-	-	-	-	9,525,600	-	9,525,600	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	22,694,232	-	22,694,232	0.00	0.00
Current Portion of Long-term Liabilities	8,575,200	-	8,575,200	-	8,575,200	2,733,711	-	(5,841,489)	31.88	31.88
Non-Current Liabilities										
Long-term Liabilities	90,657,738	-	90,657,738	-	90,657,738	27,679,212	-	(62,978,526)	30.53	30.53
Retirement Benefit Liabilities	-	-	-	-	-	9,544,840	-	9,544,840	0.00	0.00
Non-current Provisions	-	-	-	-	-	12,027,131	-	12,027,131	0.00	0.00
Total Liabilities	137,807,690	(13,891,289)	123,916,401	-	123,916,401	99,757,809	-	(24,158,592)	80.50	72.39
Total Assets and Liabilities	1,105,454,706	13,891,289	1,119,345,995	-	1,119,345,995	938,076,924	-	(181,269,071)	83.81	84.86
Net Assets (Equity)										
Accumulated Surplus / (Deficit)	1,105,462,551	-	1,105,462,551	-	1,105,462,551	938,076,924	-	(167,385,627)	84.86	84.86
Total Net Assets	1,105,462,551	-	1,105,462,551	-	1,105,462,551	938,076,924	-	(167,385,627)	84.86	84.86
	(7,845)	13,891,289	13,883,444	-	13,883,444	0	-	(13,883,444)		

30 June 2013

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

- (1) Approved Budget: The Final Budget approved by council and submitted to National Treasury.
- (2) Final Budget: The Final Amended Budget used by the municipality, for which council approval was not obtained (i.e. adjustments/virements allowed without council approval).
- (3) If the Approved Budget (normally the Adjustment Budget) is the same as the Final Budget, only column need to be used.

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE	R	R	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions										
Property Rates	18,905,470	-	18,905,470	(379)	18,905,091	16,889,433	-	(2,015,658)	89.34	89.34
Property Rates - Penalties imposed and collection charges	-	-	-	-	-	-	-	-	0.00	0.00
Fines	(2,142,110)	-	(2,142,110)	4,404,936	2,262,826	4,814,028	-	2,551,202	212.74	0.00
Licences and Permits	7,651,760	-	7,651,760	(4,184,680)	3,467,080	3,418,722	-	(48,358)	98.61	44.68
Income for Agency Services	-	-	-	-	-	-	-	-	0.00	0.00
Government Grants and Subsidies Received	70,296,329	-	70,296,329	37,894,019	108,190,348	152,369,838	-	44,179,490	140.83	216.75
Public Contributions and Donations	-	-	-	-	-	2,196,200	-	2,196,200	0.00	0.00
Revenue from Exchange Transactions										
Service Charges	734,470	-	734,470	92,636,202	93,370,672	94,335,318	-	964,646	101.03	12,844.00
Rental of Facilities and Equipment	974,866	-	974,866	491,057	1,465,923	1,265,072	-	(200,851)	86.30	129.77
Interest Earned - External Investments	-	-	-	483,550	483,550	1,714,060	-	1,230,510	354.47	0.00
Interest Earned - Outstanding Debtors	2,077,370	-	2,077,370	(881,320)	1,196,050	636,884	-	(559,166)	53.25	30.66
Other Income	2,672,009	-	2,672,009	29,428,242	32,100,251	3,084,527	-	(29,015,725)	9.61	115.44
Profit on Sale of Land	-	-	-	-	-	1,047,709	-	1,047,709	0.00	0.00
Total Revenue	101,170,164	-	101,170,164	160,271,628	261,441,792	281,771,790	-	20,329,999	107.78	278.51
Expenditure										
Employee Related Costs	23,866,278	-	23,866,278	34,553,778	58,420,056	58,726,879	306,823	306,823	100.53	246.07
Remuneration of Councillors	6,204,903	-	6,204,903	165,200	6,370,103	6,418,885	48,782	48,782	100.77	103.45
Depreciation and Amortisation	13,005,400	-	13,005,400	23,300	13,028,700	53,099,218	40,070,518	40,070,518	407.56	408.29
Impairment Losses	1,484,360	-	1,484,360	-	1,484,360	9,813,610	8,329,250	8,329,250	661.13	661.13
Repairs and Maintenance	14,009,660	-	14,009,660	8,665,684	22,675,344	21,069,350	-	(1,605,994)	92.92	150.39
Finance Costs	7,169,877	-	7,169,877	(33,047)	7,136,830	4,661,124	-	(2,475,706)	65.31	65.01
Bulk Purchases	49,401,335	-	49,401,335	4,027,625	53,428,960	53,340,094	-	(88,866)	99.83	107.97
General Expenses	(19,076,193)	-	(19,076,193)	120,615,098	101,538,905	68,599,648	-	(32,939,257)	67.56	0.00
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	2,248,349	2,248,349	2,248,349	0.00	0.00
Total Expenditure	96,065,620	-	96,065,620	168,017,638	264,083,258	277,977,157	51,003,722	13,893,899	105.26	289.36
Surplus/(Deficit)	5,104,544	-	5,104,544	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	0.00	74.34
Surplus/(Deficit) after Capital Transfers and	5,104,544	-	5,104,544	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	0.00	74.34
Surplus/(Deficit for the Year	5,104,544	-	5,104,544	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	-	74.34

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

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Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Final Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Fines:

Budgeted on payment basis and not accrual basis

Government Grants and Subsidies Received:

Acip and Housing grants not gazetted and were not provided in the budget. Also refer to the reasons provided for variances with regards to other revenue.

Public Contributions and Donations:

Assets were donated to the municipality from the Department of Environmental Affairs, which was not budgeted for.

Rental of Facilities and Equipment:

The facility not utilised as anticipated due to the condition of the halls.

Interest Earned - External Investments:

Provision was not made for call investment on the budget

Interest Earned - Outstanding Debtors:

Interest levied during the year not sufficient.

Other Income:

Budgeted other income included operational grants. The actual income was however included in grant revenue received during the year.

Depreciation and Amortisation:

Did not provide sufficiently in the budget

Impairment Losses:

Provision for doubtful debts was made according to GRAP principals, i.e. based on expected cash flows.

Finance Costs:

DBSA loan of R60 million was not approved due to old loans that had to be resolved and the provision was made to pay interest on that loan

General Expenses :

Expenditure incurred in respect of Acip and Housing grants received but not gazetted and could not be budgeted for

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

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30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R	R
Executive and Council		327,000	327,000	-	327,000			(327,000)	0.00	0.00
Finance and Administration	25,800	86,500	112,300	-	112,300	112,300	-	-	100.00	435.27
Planning and Development	1,994,144	7,990,000	9,984,144	-	9,984,144	1,839,639	-	(8,144,505)	18.43	92.25
Health		-	-	-	-	-	-	-	0.00	0.00
Community and Social Services	660,000	-	660,000	-	660,000			(660,000)	0.00	0.00
Housing		-	-	-	-	-	-	-	0.00	0.00
Public Safety	1,010,500	1,000,000	2,010,500	-	2,010,500	815,937	-	(1,194,563)	40.58	80.75
Sport and Recreation	1,820,000	-	1,820,000	-	1,820,000	36,200	-	(1,783,800)	1.99	1.99
Environmental Protection	1,200,000	-	1,200,000	-	1,200,000		-	(1,200,000)	0.00	0.00
Waste Management	1,490,000	2,969,371	4,459,371	-	4,459,371	2,542,457	-	(1,916,914)	57.01	170.63
Roads and Transport	6,668,290	1	6,668,291	-	6,668,291	7,729,852	1,061,561	1,061,561	115.92	115.92
Water	17,701,547	7,161,895	24,863,442	-	24,863,442	36,395,724	11,532,282	11,532,282	146.38	205.61
Electricity	64,493,441	250,001	64,743,442	-	64,743,442	6,054,752	-	(58,688,690)	9.35	9.39
Other		-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	97,063,722	19,784,768	116,848,490	-	116,848,490	55,526,861	12,593,843	(61,321,629)	47.52	57.21

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

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30 June 2012

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL POSITION	R	R	R	R	R	R	R	R	R	R
Current Assets										
Inventories	7,524,700	-	7,524,700	-	7,524,700	21,149,858	-	13,625,158	281.07	281.07
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	21,928,079	-	21,928,079	-	21,928,079	12,231,872	-	(9,696,207)	55.78	55.78
Receivables from Non-exchange Transactions	10,496,961	-	10,496,961	-	10,496,961	4,151,163	-	(6,345,798)	39.55	39.55
VAT Receivable	-	-	-	-	-	6,781,307	-	6,781,307	0.00	0.00
Cash and Cash Equivalents	5,620,517	-	5,620,517	-	5,620,517	17,045,257	-	11,424,740	303.27	303.27
Operating Lease Receivables	-	-	-	-	-	306	-	306	0.00	0.00
Current Portion of Long-term Receivables	-	-	-	-	-	38,205	-	38,205	0.00	0.00
Non-Current Assets										
Property, Plant and Equipment	192,068,238	-	192,068,238	-	192,068,238	949,897,500	-	757,829,262	494.56	494.56
Intangible Assets	-	-	-	-	-	93,488	-	93,488	0.00	0.00
Investment Property	-	-	-	-	-	704,000	-	704,000	0.00	0.00
Heritage Assets	-	-	-	-	-	1,601,700	-	1,601,700	0.00	0.00
Long-term Receivables	177	-	177	-	177	251,086	-	250,909	141,856.53	141,856.53
Total Assets	237,638,672	-	237,638,672	-	237,638,672	1,013,945,741	-	776,307,069	426.68	426.68
Current Liabilities										
Consumer Deposits	-	-	-	-	-	2,192,025	-	2,192,025	0.00	0.00
Provisions	4,943,686	-	4,943,686	-	4,943,686	395,263	-	(4,548,423)	8.00	8.00
Payables from Exchange Transactions	5,550,746	-	5,550,746	-	5,550,746	10,262,421	-	4,711,675	184.88	184.88
Payables from Non-exchange Transactions	-	-	-	-	-	5,165,895	-	5,165,895	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	12,471,113	-	12,471,113	0.00	0.00
Bank Overdraft	-	-	-	-	-	181,378	-	181,378	0.00	0.00
Current Portion of Long-term Liabilities	8,456,603	-	8,456,603	-	8,456,603	2,298,448	-	(6,158,155)	27.18	27.18
Non-Current Liabilities										
Long-term Liabilities	36,998,714	-	36,998,714	-	36,998,714	28,936,775	-	(8,061,939)	78.21	78.21
Retirement Benefit Liabilities	-	-	-	-	-	7,742,489	-	7,742,489	0.00	0.00
Non-current Provisions	-	-	-	-	-	10,017,645	-	10,017,645	0.00	0.00
Total Liabilities	55,949,749	-	55,949,749	-	55,949,749	79,663,451	-	23,713,702	142.38	142.38
Total Assets and Liabilities	181,688,923	-	181,688,923	-	181,688,923	934,282,290	-	752,593,367	514.22	514.22
Net Assets (Equity)										
Accumulated Surplus / (Deficit)	178,028,601	-	178,028,601	-	178,028,601	934,282,291	-	756,253,690	524.79	524.79
Total Net Assets	178,028,601	-	178,028,601	-	178,028,601	934,282,291	-	756,253,690	524.79	524.79
	3,660,322		3,660,322		3,660,322	(1)		(3,660,323)		

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

- (1) Approved Budget: The Final Budget approved by council and submitted to National Treasury.
- (2) Final Budget: The Final Amended Budget used by the municipality, for which council approval was not obtained (i.e. adjustments/virements allowed without council approval).
- (3) If the Approved Budget (normally the Adjustment Budget) is the same as the Final Budget, only column need to be used.

30 June 2012

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE	R	R	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions										
Property Rates	18,335,000	139,000	18,474,000	(526,386)	17,947,614	14,823,008	-	(3,124,606)	82.59	80.85
Property Rates - Penalties imposed and collection charges	-	-	-	-	-	-	-	-	0.00	0.00
Fines	4,513,000	1,233,220	5,746,220	-	5,746,220	4,499,321	-	(1,246,899)	78.30	99.70
Licences and Permits	2,807,000	11,000	2,818,000	57,910	2,875,910	3,042,113	-	166,203	105.78	108.38
Government Grants and Subsidies Received	64,015,000	20,000	64,035,000	275,942	64,310,942	60,423,015	-	(3,887,927)	93.95	94.39
Revenue from Exchange Transactions										
Service Charges	74,656,000	(9,219,000)	65,437,000	15,084,982	80,521,982	81,059,627	-	537,645	100.67	108.58
Rental of Facilities and Equipment	1,534,000	259,000	1,793,000	(136,176)	1,656,824	1,670,431	-	13,607	100.82	108.89
Interest Earned - External Investments	-	-	-	-	-	1,080,107	-	1,080,107	0.00	0.00
Interest Earned - Outstanding Debtors	823,000	(95,000)	728,000	1,304,370	2,032,370	1,964,552	-	(67,818)	96.66	238.71
Dividends Received	-	-	-	596	596	-	-	(596)	0.00	0.00
Other Income	6,845,000	22,701,000	29,546,000	(19,822,021)	9,723,979	3,415,552	-	(6,308,427)	35.13	49.90
Profit on Sale of Land	-	-	-	-	-	592,651	-	592,651	0.00	0.00
Total Revenue	173,528,000	15,049,220	188,577,220	(3,760,783)	184,816,437	172,570,376	-	(12,246,061)	93.37	99.45
Expenditure										
Employee Related Costs	57,655,000	(15,555,000)	42,100,000	5,155,779	47,255,779	46,675,375	-	(580,404)	98.77	80.96
Remuneration of Councillors	-	6,710,000	6,710,000	(1,713,084)	4,996,916	5,529,825	532,909	532,909	110.66	0.00
Collection Costs	-	-	-	-	-	-	-	-	0.00	0.00
Depreciation and Amortisation	13,058,000	-	13,058,000	5,510,290	18,568,290	42,065,065	23,496,775	23,496,775	226.54	322.14
Impairment Losses	365,000	-	365,000	470	365,470	11,490,078	11,124,608	11,124,608	3,143.92	3,147.97
Repairs and Maintenance	-	-	-	17,221,590	17,221,590	16,359,201	-	(862,389)	94.99	0.00
Finance Costs	3,742,000	-	3,742,000	(658,742)	3,083,258	5,990,080	2,906,822	2,906,822	194.28	160.08
Bulk Purchases	43,699,000	-	43,699,000	(2,165,866)	41,533,134	42,697,316	1,164,182	1,164,182	102.80	97.71
General Expenses	52,902,000	24,994,000	77,896,000	(30,356,424)	47,539,576	73,350,542	25,810,966	25,810,966	154.29	138.65
Total Expenditure	171,421,000	16,149,000	187,570,000	(7,005,987)	180,564,013	244,157,481	65,036,262	63,593,468	135.22	142.43
Surplus/(Deficit)										
Transfers Recognised - Capital	2,107,000	(1,099,780)	1,007,220	3,245,204	4,252,424	(71,587,105)	(65,036,262)	(75,839,529)	0.00	0.00
Surplus/(Deficit) after Capital Transfers and										
Surplus/(Deficit for the Year	2,107,000	(1,099,780)	1,007,220	3,245,204	4,252,424	7,648,785	14,199,628	3,396,361	179.87	363.02

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

- (1) Approved Budget: The Final Budget approved by council and submitted to National Treasury.
- (2) Final Budget: The Final Amended Budget used by the municipality, for which council approval was not obtained (i.e. adjustments/virements allowed without council approval).
- (3) If the Approved Budget (normally the Adjustment Budget) is the same as the Final Budget, only column need to be used.

30 June 2012

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION	R	R	R	R	R	R	R	R	R	R
Executive and Council	486,853	-	486,853	-	486,853	378,443	-	(108,410)	77.73	77.73
Finance and Administration	1,566,968	-	1,566,968	-	1,566,968	2,166,260	599,292	599,292	138.25	138.25
Planning and Development	259,965	-	259,965	-	259,965	119,365	-	(140,600)	45.92	45.92
Community and Social Services	9,266,339	-	9,266,339	-	9,266,339	3,065,979	-	(6,200,360)	33.09	33.09
Public Safety	1,119,600	-	1,119,600	-	1,119,600	927,044	-	(192,556)	82.80	82.80
Sport and Recreation	27,158,357	-	27,158,357	-	27,158,357	9,663,130	-	(17,495,227)	35.58	35.58
Environmental Protection	3,000	-	3,000	-	3,000	2,550	-	(450)	85.00	85.00
Waste Management	15,317,236	-	15,317,236	-	15,317,236	13,861,276	-	(1,455,960)	90.49	90.49
Roads and Transport	86,223,155	-	86,223,155	-	86,223,155	82,090,061	-	(4,133,094)	95.21	95.21
Water	83,133,207	-	83,133,207	-	83,133,207	60,836,073	-	(22,297,134)	73.18	73.18
Electricity	24,031,761	-	24,031,761	-	24,031,761	19,609,081	-	(4,422,680)	81.60	81.60
Other	900	-	900	-	900	798	-	(102)	88.69	88.69
Total Capital Expenditure	248,567,341	-	248,567,341	-	248,567,341	192,720,059	599,292	(55,847,282)	77.53	77.53

GA-SEGONYANA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

Notes to the user:

- (1) Approved Budget: The Final Budget approved by council and submitted to National Treasury.
- (2) Final Budget: The Final Amended Budget used by the municipality, for which council approval was not obtained (i.e. adjustments/virements allowed without council approval).
- (3) If the Approved Budget (normally the Adjustment Budget) is the same as the Final Budget, only column need to be used.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2012/13	2011/12
Net surplus/(deficit) per the statement of financial performance	3,794,633	7,648,785
Revenue from Non-exchange Transactions		
Property Rates	2,015,658	3,511,992
Property Rates - Penalties imposed and collection charges	-	-
Fines	(2,551,202)	13,679
Licences and Permits	48,358	(235,113)
Revenue for Agency Services	-	-
Government Grants and Subsidies Received	(44,179,490)	(75,643,905)
Public Contributions and Donations	(2,196,200)	-
Revenue from Exchange Transactions		
Service Charges	(964,646)	(6,403,627)
Rental of Facilities and Equipment	200,851	(136,431)
Interest Earned - External Investments	(1,230,510)	(1,080,107)
Interest Earned - Outstanding Debtors	559,166	(1,141,552)
Dividends Received	-	-
Royalties Received	-	-
Other Revenue	29,015,725	3,429,448
Other Gains on Continued Operations	-	-
Gains on Disposal of Property, Plant and Equipment	-	-
Profit on Sale of Land	(1,047,709)	(592,651)
Expenditure		
Employee Related Costs	306,823	(10,979,625)
Remuneration of Councillors	48,782	5,529,825
Collection Costs	-	-
Depreciation and Amortisation	40,070,518	29,007,065
Impairment Losses	8,329,250	11,125,078
Repairs and Maintenance	(1,605,994)	16,359,201
Finance Costs	(2,475,706)	2,248,080
Bulk Purchases	(88,866)	(1,001,684)
Contracted Services	-	-
Grants and Subsidies Paid	-	-
Research and Development Costs	-	-
General Expenses	(32,939,257)	20,448,542
Other Losses on Continued Operations	-	-
Loss on Disposal of Property, Plant and Equipment	2,248,349	-
Net surplus/deficit per approved budget	(2,641,466)	2,107,000

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

1. GENERAL INFORMATION

Ga - Segonyana Municipality (the municipality) is a local government institution in Kuruman, North Cape Province, and is one of three local municipalities under the jurisdiction of the John Taola Gaetsewe District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).

2. INVENTORIES

Consumables Store	993,683	840,284
Maintenance Materials	2,865,257	2,108,341
Spare Parts	52,565	58,269
Property Stock	17,580,000	18,077,400
Water - at cost	95,024	65,565
Sub total	<u>21,586,529</u>	<u>21,149,858</u>
Less: Obsolete Stock	59,481	-
Total Inventories	<u>21,527,047</u>	<u>21,149,858</u>

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

The cost of water production for the year amounted to R9.52 per kilolitre (2012: R 6.76 per kilolitre).

The cost of Inventories recognised as an expense during the year was R 5,387,278 (2012: R 4,409,746).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	-	-
Net Non-current Assets Held-for-Sale	<u>-</u>	<u>-</u>
3.1 Property Held-for-Sale	<u>-</u>	<u>-</u>

3.1 Property Held-for-Sale

During the year under review, management made a resolution to dispose of movable assets with a carrying value of R 452 469. The disposal decision was based on the ageing / economic viability of the assets. The scheduled date for the disposal will be on 13 September 2013. No impairment loss was recognised on reclassification of the property as held-for-sale nor at 30 June 2013

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2013

Service Debtors:	26,937,288	20,066,950
Electricity	8,469,683	6,016,777
Refuse	5,559,339	4,443,677
Sewerage	9,221,744	7,521,180
Water	4,158,882	2,085,316
Less : Debtors with arrangements	-472,361	-
Other Receivables	<u>12,781,557</u>	<u>10,716,152</u>
Housing	71,770	71,770
Other Consumer Services	8,450,537	6,739,803
Debtors paid in advance	824,264	852,496
Meter Readings not Billed	3,434,987	3,052,082
Less: Provision for Impairment	-25,743,593	-18,551,230
Total Receivables from Exchange Transactions	<u>13,975,252</u>	<u>12,231,872</u>

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
-----------	-----------

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality receives applications that it processes. Deposits are required to be paid for all electricity and water accounts opened. There are no consumers who represent more than 5% of the total balance of Receivables.

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

The municipality did not pledge any of its Receivables as security for borrowing purposes.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:	3,465,434	1,170,851	573,359	3,260,039	8,469,683
Water:	1,176,917	528,163	314,381	2,139,421	4,158,882
Sewerage:	738,894	388,885	284,286	7,809,680	9,221,745
Refuse:	430,987	218,509	181,718	4,728,124	5,559,338
Other Receivables:	862,573	614,286	376,688	6,596,990	8,450,537
Housing:					71,770
Debtors Paid in advance:					824,264
Meter Readings Not Billed					3,434,987
Less: Debtors with arrangements					-472,361
Less: Provision for Impairment					-25,743,593
Net Balances	6,674,805	2,920,694	1,730,432	24,534,254	13,975,252

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:	3,349,260	661,328	480,009	1,526,180	6,016,777
Water:	696,540	243,301	205,244	940,232	2,085,317
Sewerage:	715,707	282,858	230,816	6,291,800	7,521,181
Refuse:	377,831	172,767	139,907	3,753,173	4,443,678
Other Receivables:	796,294	230,878	203,074	5,509,555	6,739,801
Housing:					71,770
Debtors Paid in advance:					852,496
Meter Readings Not Billed					3,052,082
Less: Provision for Impairment					-18,551,230
Net Balances	5,935,632	1,591,132	1,259,050	18,020,940	12,231,872

2013 R	2012 R
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4.2 Reconciliation of the Provision for Impairment

Balance at beginning of year	18,551,230	14,207,207
Impairment Losses recognised	7,370,654	4,470,201
Amounts written off as uncollectable	-178,291	-126,178
Balance at end of year	25,743,593	18,551,230

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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4.3 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Assessment Rates	9,719,868	6,977,775	2,742,093
Payments Made In Advance	251,275	-	251,275
Sundry Debtors	4,185,013	4,133,454	51,559
Other Sundry Debtors	1,324,718	-	1,324,718
Sale of Stands	400,061	-	400,061
Total Receivables from Non-exchange Transactions	15,880,935	11,111,230	4,769,705
As at 30 June 2012			
Assessment Rates	7,614,328	5,269,387	2,344,941
Payments Made In Advance	30,824	-	30,824
Sundry Debtors	3,494,608	3,398,886	95,722
Other Sundry Debtors	1,173,219	-	1,173,219
Sale of Stands	506,456	-	506,456
Total Receivables from Non-exchange Transactions	12,819,436	8,668,273	4,151,163

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2013

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:	267,499	201,197	168,783	9,082,389	9,719,868
Sundry Debtors	1,136,901	20,704	38,246	3,447,074	4,642,925
Other				59,688	59,688
Payments in advance			807,119	251,275	1,058,394
Sale of Stands	100,910	18,982	252,768	27,400	400,060
Less: Provision for Impairment					-11,111,230
Net Balances	1,505,310	240,883	1,266,916	12,867,826	4,769,706

As at 30 June 2012

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Assessment Rates:	198,194	146,406	128,197	7,141,531	7,614,328
Sundry Debtors	203,895	47,083	45,957	3,197,217	3,494,152
Other	-	1,173,676	-		1,173,676
Payments in advance	30,824				30,824
Sale of Stands	506,456				506,456
Less: Provision for Impairment					-8,668,273
Net Balances	939,369	1,367,165	174,154	10,338,748	4,151,163

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
5.2 Reconciliation of Provision for Impairment		
Balance at beginning of year	8,668,273	5,269,387
Impairment Losses recognised	2,442,957	3,398,886
Balance at end of year	11,111,230	8,668,273

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6. VAT RECEIVABLE

Vat Receivable	14,308,831	6,781,307
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The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. CASH AND CASH EQUIVALENTS

Current Investments	13,103,626	17,038,737
Bank Accounts	5,059,860	-
Bank Overdraft	-	-181,378
Cash and Cash Equivalents	6,520	6,520
Total Bank, Cash and Cash Equivalents	18,170,006	16,863,878

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
7.1 Current Investment Deposits		
Call Deposits	13,103,626	17,038,737
Total Current Investment Deposits	13,103,626	17,038,737
Call Account		
Cash book balance at beginning of year	17,038,737	-
Cash book balance at end of year	<u>13,103,626</u>	<u>17,038,737</u>
<i>ABSA - Kuruman - Account Number 9264748829:</i>		
Bank statement balance at beginning of year	17,038,737	-
Bank statement balance at end of year	<u>13,103,626</u>	<u>17,038,737</u>
7.2 Bank Accounts		
Cash in Bank	5,059,860	-
Bank Overdraft	-	-181,378
Total Bank Accounts	5,059,860	-181,378
The Municipality has the following bank accounts:		
Primary Bank Account		
Cash book balance at beginning of year	229,726	-2,334,704
Cash book balance at end of year	<u>4,792,404</u>	<u>229,726</u>
<i>ABSA - Kuruman - Account Number 4052183325:</i>		
Bank statement balance at beginning of year	2,389,602	324,810
Bank statement balance at end of year	<u>8,423,669</u>	<u>2,389,602</u>
TMT Account		
Cash book balance at beginning of year	-412,055	-
Cash book balance at end of year	<u>166,901</u>	<u>-412,055</u>
<i>ABSA - Kimberley - Account Number 4060204391:</i>		
Bank statement balance at beginning of year	149,284	-
Bank statement balance at end of year	<u>305,494</u>	<u>149,284</u>
DEVELOPMEND FUND		
Cash book balance at beginning of year	951	-
Cash book balance at end of year	<u>951</u>	<u>951</u>
ABSA KURUMAN RESERVOIR		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>99,605</u>	<u>-</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The ABSA Kuruman Reservoir account was created by the municipality in order to receive promised donations in future for the repair of the water reservoir

The TMT account is used for the deposit of all camera fines received. The payment for the service provider fees is also made from this account.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
7.3 Cash and Cash Equivalents		
Cash Floats and Advances	6,520	6,520
Total Cash on hand in Cash Floats, Advances and Equivalents	6,520	6,520

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8 OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable operating leases the following assets have been recognised:

Balance at beginning of year	306	-
Operating Lease Revenue recorded	42,491	6,428
Operating Lease Revenue effected	-41,080	-6,121
Total Operating Lease Receivables	1,717	306

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to property owned by the municipality with lease terms of between 1 and 50 (2012: 1 to 50) years, with, where applicable, an option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

Property rentals - municipal houses, land and buildings and open spaces

These rentals are classified as contingent rentals due to uncertain lease periods and escalation which are in accordance with CPI and therefore unknown for future periods. These operating lease payments are therefore not subject to straight-lining and it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:

- no later than one year
- later than one year and not later than five years
- later than five years.

Property rentals - Antenna space

The lease contracts of these rentals are for specific periods and are making provision for annual lease escalations. The operating lease payments are therefore subject to straight-lining.

8.2 Amounts receivable under Operating Leases

At the reporting date the following minimum lease payments were receivable under non-cancellable operating leases for municipal houses, land and buildings and antenna spaces, which are receivable as follows:

Up to 1 year	66,870	131,183
2 to 5 years	524	67,382
More than 5 years	111	122
Total Operating Lease Arrangements	67,504	198,687

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease resulted in an increase of R 1,411 (2012: increase of R 306) in rental income during the current year.

9 CURRENT PORTION OF LONG-TERM RECEIVABLES

Housing Loans	30,101	28,320
Debtors with Arrangements	240,632	9,885
Total Current Portion of Long-term Receivables	270,734	38,205

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

GA-SEGONYANA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2013

Reconciliation of Carrying Value

Description	Land and Buildings	Infra- structure	Other	Leased Assets	Total
	R	R	R	R	R
Carrying values at 01 July 2012	43,154,455	894,009,229	11,448,519	1,285,296	949,897,499
Cost	43,449,164	1,074,429,026	35,658,721	2,185,823	1,155,722,734
Restated Opening Balance	43,449,164	1,074,429,026	35,658,721	2,185,823	1,155,722,734
Correction of error (Note 38)	-16,254,000	8,316,034	295,300	159,275	-7,483,391
Opening Balance 1 July 2012	59,703,164	1,066,112,992	35,363,421	2,026,548	1,163,206,125
Accumulated Depreciation:					
<i>Restated Opening Balance</i>	294,709	180,419,797	24,210,202	900,527	205,825,235
<i>Correction of error (Note 38)</i>	-	16,428	168,742	-	185,170
<i>Opening Balance 1 July 2012</i>	294,708	180,403,369	24,041,460	900,527	205,640,064
- <i>Revaluation</i>					
Acquisitions	1,733,708	12,444,736	4,394,335	-	18,572,779
Borrowing Costs Capitalised	-	46,813,753	-	-	46,813,753
Capital under Construction - Additions:					
Additions	-	243,658	-	-	243,658
Disposals					
Depreciation:	80,743	49,556,936	3,400,633	-	53,038,312
- <i>Based on Cost</i>	80,743	49,556,936	3,400,633	-	53,038,312
Carrying value of Disposals:	-	243,658	-	-	243,658
- <i>Cost</i>	-	243,658	-	-	243,658
Carrying values at 30 June 2013	44,807,420	903,467,124	12,442,220	1,285,296	962,002,060
Cost	45,182,872	1,133,443,857	40,053,055	2,185,823	1,220,865,608
<i>Completed Assets</i>	45,182,872	1,086,630,104	40,053,055	2,185,823	1,174,051,855
<i>Under Construction</i>	-	46,813,753	-	-	46,813,753
Accumulated Depreciation:	375,452	229,976,734	27,610,835	900,527	258,863,548
- <i>Cost</i>	375,452	229,976,734	27,610,835	900,527	258,863,548

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2012

Reconciliation of Carrying Value

Description	Land and Buildings	Infra- structure	Other	Leased Assets	Total
	R	R	R	R	R
Carrying values at 30 June 2011	41,448,714	889,824,680	12,072,948	1,219,743	944,566,085
Cost	41,448,714	1,032,381,567	33,086,782	1,889,936	1,108,806,999
<i>Restated Opening Balance</i>	41,448,714	1,032,381,567	33,086,782	1,889,936	1,108,806,999
<i>Correction of error (Note 38)</i>	-16,254,000	8,316,035	295,300	159,275	-7,483,390
<i>Opening Balance 1 July 2012</i>	57,702,714	1,024,065,532	32,791,482	1,730,661	1,116,290,389
Accumulated Depreciation:					
<i>Restated Opening Balance</i>	-	142,556,887	21,013,834	670,193	164,240,914
<i>Correction of error (Note 38)</i>	-	-	-	-	-
<i>Opening Balance 1 July 2012</i>	-	142,556,887	21,013,834	670,193	164,240,914
Acquisitions	1,773,978	10,977,726	3,565,030	350,604	16,667,338
Other changes, movements		31,069,735			31,069,735
Disposals			993,092		993,092
Impairment loss			562,210		562,210
Depreciation:	68,236	37,862,910	3,758,580	285,051	41,974,777
- <i>Based on Cost</i>	68,236	37,846,482	3,589,839	285,051	41,789,608
- <i>Correction of error</i>	-	16,428	168,741	-	185,169
Carrying values at 30 June 2012	43,154,456	894,009,231	11,448,516	1,285,296	949,897,499
Cost	43,222,692	1,074,429,028	35,658,720	2,240,540	1,155,550,980
<i>Completed Assets</i>	43,222,692	1,074,429,028	35,658,720	2,240,540	1,155,550,980
<i>Under Construction</i>	-	-	-	-	-
Accumulated Depreciation:	68,236	180,419,797	24,210,204	955,244	205,653,481
- <i>Cost</i>	68,236	180,419,797	24,210,204	955,244	205,653,481

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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10 PROPERTY, PLANT AND EQUIPMENT (Continued)

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Refer to Appendix B for more detail on the Property Plant and Equipment

No Property, Plant and Equipment were retired from active use and held for disposal during the financial year.

11 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	88,501	93,488
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The movement in Intangible Assets is reconciled as follows:

Carrying values at 01 July 2012	93,488	199,706
Cost	1,996,499	1,974,569
Accumulated Amortisation	1,903,011	1,774,863
Acquisitions:	39,058	21,930
Purchased	39,058	21,930
Amortization	44,045	128,148
Carrying values at 30 June 2013	88,501	93,488
Cost	2,035,557	1,996,499
Accumulated amortization	1,947,056	1,903,011

Refer to Appendix "B" for more detail on Intangible Assets.

12 INVESTMENT PROPERTY

The municipality did not have any property to be classified as Investment Property in terms of its Accounting Policies and Asset Management Policy at year-end.

At Fair Value	704,000	704,000
At Cost less Accumulated Depreciation	704,000	704,000

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July 2012	704,000	704,000
Cost	704,000	704,000
Accumulated Depreciation	-	-
Depreciation during the Year	-	-

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Carrying values at 30 June	704,000	704,000
Cost	704,000	704,000
Accumulated Depreciation	-	-
Estimated Fair Value of Investment Property at 30 June 2013	704,000	704,000

Refer to Appendix B for more detail on Investment Properties

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

13 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	1,584,840	1,601,700
Total	1,584,840	1,601,700
Plus: Suspense Votes	-	-

The movement in Heritage Assets is reconciled as follows:

	Municipal	Cultural	Recreational parks and conservation areas	Historical monuments and graves	Total
	Jewelry	Buildings			
Carrying values at 01 July 2012	-	-	1,601,700	-	1,601,700
Cost			1,686,000		1,686,000
Accumulated Revaluation			-84,300		-84,300
Depreciation			(16,860)		-16,860
Carrying values at 30 June 2013	-	-	1,584,840	-	1,584,840
Cost			1,686,000		1,686,000
Accumulated Revaluation			-101,160		-101,160

The municipality has taken advantage of the transitional provisions in Directive 4 from the Accounting Standards Board with the implementation of GRAP 103. The municipality is currently in a process of identifying all Heritage Assets and have it valued in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2014/15 Annual Financial Statements.

Heritage Assets have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 37 on "Change in Accounting Policy" for details of the restatement.

Heritage assets consists of the following:

Classification	Description
Municipal jewelry	Mayoral chain
Exibits	Stone collection in foyer of municipal building
Recreational parks and conservation areas	The Eye - natural fountain and adjacent erven Nature Reserve (Billy Duvenhage)
Historial monuments and graves	Graves on corner of Oasis and School Streets

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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14 LONG-TERM RECEIVABLES

	Gross Balances R
As at 30 June 2013	
Housing Loans	251,086
Debtors with Arrangements	<u>451,687</u>
	702,773
Less: Current Portion transferred to Current Receivables:-	270,733
Housing Loans	<u>30,101</u>
Debtors with Arrangements	<u>240,632</u>
Total Long-term Receivables	<u>432,040</u>

	Gross Balances R
As at 30 June 2012	
Housing Loans	279,406
Debtors with Arrangements	<u>9,885</u>
	289,291
Less: Current Portion transferred to Current Receivables:-	38,205
Housing Loans	<u>28,320</u>
Debtors with Arrangements	<u>9,885</u>
Total Long-term Receivables	<u>251,086</u>

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

DEBTORS WITH ARRANGEMENTS

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 62 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

HOUSING LOANS

As from 01 January 2006 no loan agreements are entered into for the sale of houses. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of Long-term Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

15 CONSUMER DEPOSITS

Electricity	2,430,997	2,192,025
Total Consumer Deposits	<u>2,430,997</u>	<u>2,192,025</u>
Guarantees held in lieu of Electricity Deposits	<u>-</u>	<u>-</u>

Consumer Deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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16 PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21)	183,204	171,372
Current Portion of Non-Current Provisions (See Note 22):		
Long Service Awards	294,656	223,891
Total Provisions	294,656	223,891
	477,860	395,263

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

The movement in provisions are reconciled as follows:

Current Provisions:

	Long-term Service R	Post-retirement R
30 June 2013		
Balance at beginning of year	223,891	171,372
Transfer from non-current	70,765	11,832
Balance at end of year	294,656	183,204
30 June 2012		
Balance at beginning of year	105,466	123,444
Transfer from non-current	118,425	47,928
Balance at end of year	223,891	171,372

17 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Creditors	7,283,702	5,863,920
Retentions	4,685,605	3,645,490
Debtors paid in advance	824,264	852,496
Fair Value Adjustment	-149,345	-99,485
Total Payables	12,644,226	10,262,421

Payables from Exchange transactions have been restated to correctly classify amounts due for Creditors not accrued for previously. Refer to Note 38 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments Received In Advance	5,786,181	2,102,848
Staff Bonuses	1,195,209	1,738,660
Staff Leave	1,942,390	1,318,979
Other Sundry Creditors	5,408	5,408
Creditors - Insurance	596,413	-
Total Payables	9,525,600	5,165,895

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

Fair value of trade and other payables

Financial liabilities are measured at amortised cost using the effective interest rate method. A net present value calculation of accounts payable and credit purchases was therefore performed

19 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

19.1 Conditional Grants from Government

	22,694,232	12,471,113
National Government Grants	14,097,039	10,847,104
Provincial Government Grants	8,597,193	1,624,009

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)
The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 24 for the reconciliation of Grants from Government . The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

20 LONG-TERM LIABILITIES

Annuity Loans	28,322,071	29,318,308
Finance Lease Liabilities	2,090,852	1,916,914
Sub-total	30,412,923	31,235,222
Less: Current Portion transferred to Current Liabilities:-	2,733,711	2,298,448
Annuity Loans	2,112,523	1,862,902
Finance Lease Liabilities	621,189	435,545
Total Long-term Liabilities (Neither past due, nor impaired)	27,679,212	28,936,775

Long-term Liabilities have been restated to correctly classify amounts to be included in Long-term Liabilities. Refer to Note 38 on "Correction of Error" for details of the restatement.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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20.1 Annuity loans

Annuity loans are repaid over periods varying from 5 to 20 (2012: 5 to 20) years and at interest rates varying from 5 % to 15 % (2012 : 5 % to 15 %)per annum. Annuity loans are not secured.

20.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 5 years (2012: 5 years). The effective interest rate on Finance Leases is between 9% and 49.8% (2012: 9% and 12.07%).

The risks and rewards of ownership in respect of the vehicles will transfer to the municipality at the conclusion of the agreement. Ownership of the office equipment are not transferred to the municipality at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease	
	2013 R	2012 R	2013 R	2012 R
Amounts payable under finance leases:				
Within one year	824,476	608,165	621,189	435,545
In the second to fifth years, inclusive	1,691,754	1,708,109	1,469,663	1,481,369
Over five years	-	-	-	-
	2,516,230	2,316,274	2,090,852	1,916,914
Less: Future Finance Obligations	(425,378)	(399,360)	-	-
Present Value of Minimum Lease Obligations	2,090,852	1,916,914	2,090,852	1,916,914
Less: Amounts due for settlement within 12 months (Current Portion)			-621,189	-435,545
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			1,469,663	1,481,369

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment (photocopy machines & PABX system)
- Vehicles

Included in these classes are the following significant leases:

(i) Siemens PABX system

- Average period outstanding	60 months	60 months
- Average effective interest rate	12.07%	12.07%
- Average escalation	-	-
- Average monthly instalment	16,709	16,709

(ii) Xerox WC5790 photocopy machine

- Average period outstanding	60 months	60 months
- Average effective interest rate	9.00%	9.00%
- Average escalation	8.00%	8.00%
- Average monthly instalment	3,623	3,623

(iii) Vehicles: - Discovery 4.3 TD V6 SE

- Average period outstanding	60 months	60 months
- Average effective interest rate, based on prime	9.56%	9.56%
- Average escalation	-	-
- Average monthly instalment	11,997	11,997

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

21 RETIREMENT BENEFIT LIABILITIES

21.1 Post-retirement Health Care Benefits Liability

Present Value of Fund Obligation at the end of the Year	9,728,044	7,913,861
Transfer to Current Provisions	-183,204	-171,372
Total Post-retirement Health Care Benefits Liability	9,544,840	7,742,489

Retirement Benefit Liabilities have been restated to agree with comparative figures disclosed in the 2013 actuarial valuation. Refer to Note 38 on "Correction of errors" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 30 June 2013 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	149	120
In-service Non-members (Employees)	110	not included
Continuation Members (Retirees, widowers and orphans)	6	5
Total Members	265	125

The liability in respect of past service has been estimated as follows:

In-service (employee) members	7,354,905	5,983,289
In-service (employees) non-members	479,859	390,370
Continuation (retiree and widow) members	1,893,280	1,540,202
Total Liability	9,728,044	7,913,861

The municipality makes monthly contributions for health care arrangements to the following Medical

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2013 is estimated to be R 691,602, whereas

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9%	9%
Health Care Cost Inflation Rate	8%	7%
Net Effective Discount Rate	1%	1%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65
Continuation of membership at retirement	1	
Portion of eligible current non-member employees joining the scheme by retirement	5%	

Mortality rates:

Pre-Retirement	SA 85 - 90 mortality table
Post-Retirement	PA(90) ultimate mortality table

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	7,913,861	7,399,434
Current service costs	691,602	702,046
Interest cost	654,971	646,845
Benefits paid	-171,372	-123,444
Actuarial losses / (gains)	638,982	-711,020

Present Value of Fund Obligation at the end of the Year

9,728,044	7,913,861
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	9,728,044	7,913,861
Fair value of plan assets	-	-

Total Benefit Liability

9,728,044	7,913,861
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According to the actuaries, no plan assets is set aside for the funding of the liability.

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	691,602	702,046
Interest cost	654,971	646,845
Actuarial losses / (gains)	638,982	-711,020

The amounts recognised in the Statement of Financial Performance are as follows:

1,985,555	637,871
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Total Post-retirement Benefit included in Employee Related Costs (Note 30)

1,985,555	637,871
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The amounts recognised in the Statement of Financial Performance are as follows:

1,985,555	637,871
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The history of experienced adjustments is as follows:

	2013 R	2012 R	2,011 R	2,010 R
Present Value of Defined Benefit Obligation	9,728,044	7,913,861	7,399,434	5,975,191
Fair Value of Plan Assets	-	-	-	-
Deficit	9,728,044	7,913,861	7,399,434	5,975,191

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	284,800	281,900
Effect on the defined benefit obligation	1,324,956	Not available

Decrease:

Effect on the aggregate of the current service cost and the interest cost	-224,800	-220,300
Effect on the defined benefit obligation	-1,441,044	Not available

The municipality expects to make a contribution of R 183,204 (2012: R 171,372) to the Defined Benefit Plans during the next financial year.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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Refer to Note 44, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

22 NON-CURRENT PROVISIONS

Provision for Long Service Awards	2,414,716	1,724,304
Provision for Rehabilitation of Land-fill Sites	9,612,415	8,293,341
Total Non-current Provisions	12,027,131	10,017,645

The movement in Non-current Provisions are reconciled as follows:

	Long-service Awards R	Land-fill Sites R
30 June 2013		
Balance at beginning of year	1,948,195	8,293,341
Contributions to provision	761,177	-
Increase due to discounting	-	1,319,074
	2,709,372	9,612,415
Transfer to current provisions	-294,656	-
Balance at end of year	2,414,716	9,612,415
30 June 2012		
Balance at beginning of year	1,307,150	7,087,706
Contributions to provision	641,045	-
Increase due to discounting	-	1,205,635
	1,948,195	8,293,341
Transfer to current provisions	-223,891	-
Balance at end of year	1,724,304	8,293,341

22.1 Long Service Awards

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

The most recent actuarial valuations of the present value of the defined benefit obligation was carried out at 30 June 2013 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 248 (2012: 241) employees were eligible for Long-service bonuses.

The Current-service Cost for the year ending 30 June 2013 is estimated to be R 274,137, whereas the cost for the ensuing year is estimated to be R 309,369 (30 June 2012: R 195,569 and R 274,137 respectively).

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7%	8%
General Salary Inflation Rate	7%	6%
Net Effective Discount Rate applied to salary-related Long Service Bonusses	1%	1%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

Mortality rates:

Pre-Retirement	SA 85 - 90 mortality table
Post-Retirement	PA(90) ultimate mortality table

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	1,948,195	1,307,150
Current service costs	274,137	195,569
Interest cost	131,191	99,003
Benefits paid	-223,891	-105,466
Actuarial losses / (gains)	579,740	451,939

Present Value of Fund Obligation at the end of the Year

2,709,372	1,948,195
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2,709,372	1,948,195
Fair value of plan assets	-	-

Total Benefit Liability

2,709,372	1,948,195
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The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	274,137	195,569
Interest cost	131,191	99,003
Actuarial losses / (gains)	579,740	451,939

Total Post-retirement Benefit included in Employee Related Costs (Note 30)

985,068	746,511
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The history of experienced adjustments is as follows:

	2013 R	2012 R	2,011 R	2,010 R
Present Value of Defined Benefit Obligation	2,709,372	1,948,195	1,307,150	1,178,435
Fair Value of Plan Assets	-	-	-	-
Deficit	2,709,372	1,948,195	1,307,150	1,178,435

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	25,672	23,974
Effect on the defined benefit obligation	196,628	Not available

Decrease:

Effect on the aggregate of the current service cost and the interest cost	-22,828	-21,305
Effect on the defined benefit obligation	-175,372	Not available

The municipality expects to make a contribution of R 294,656 (2012: R 223,891) to the defined

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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22.2 Rehabilitation of Land-fill Sites

The municipality has an obligation to rehabilitate its land-fill site in terms of its licence stipulations. The net present value of the rehabilitation cost of land-fill sites has been determined as at 30 June 2013 by a technical specialist, Adv. C.P. Herbsts, (Mineral- and Environmental Laws Consultant). The provision is the best estimate of the net present value of future rehabilitation costs of the land-fill site to restore the site at the end of their useful lives. The payment dates of the total closure and rehabilitation are uncertain, but are currently expected to be in 2018 (within the next 5 years). Provision has been made for the net present value of this cost, using an average cost of borrowing interest rate of 9.55%. The provision will be determined on an annual basis and actual rehabilitation costs will be debited against the provision.

The increase during the year ended 30 June 2013 in the discounted amount arising from the passage of time, amounted to R 1,319,074 (2012: R 1,205,635).

Major assumptions concerning future events

The cost estimate for construction works to be performed for the closure and rehabilitation of an existing disposal site include the following assumptions made by the technical specialist:

- a) The consolidation of "old" waste in the cell and filling of voids with builders rubble or other waste permissible for disposal at the site.
- b) Dombing the entire site in such a way to prevent the formation of pools due to rain, to ensure free surface runoff of rain water.
- c) Capping the site in accordance with the capping design requirements as stipulated in the Minimum Requirements for Closure for the various classes of disposal sites;
- d) Rehabilitating the site in accordance with the end-use plan e.g. grassing, sport field etc.

23 PROPERTY RATES

	Property Valuations		Actual Levies	
	July 2013 R000's	July 2012 R000's	2,013 R000's	2,012 R000's
Agricultural	680,869	685,509	456	429
Commercial	357,482	357,578	4,628	4,327
Industrial	126,159	119,150	1,633	1,442
Municipal	70,592	70,619	-	-
Residential	1,257,189	1,172,448	9,619	8,383
State	81,498	81,165	1,247	1,161
Consent Use	-	-	-	-
Undeveloped	-	-	-	-
Total Property Rates	2,573,789	2,486,469	17,584	15,741
Plus: Building clause			368	448
Less: Income Foregone			1,063	1,366
Total Property Rates			16,889	14,823

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2009. A general valuation has been performed during the financial year and will be applied with effect 1 July 2014. An application made to the MEC requesting the current valuation roll to be extended by one financial year was approved.

Interim valuations are processed yearly to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

An general rate is applied as follows to property valuations to determine property rates:

Residential Properties: 0,8933 c/R (2011/12: 0,8427 c/R)

Business Properties: 1,7865 c/R (2011/12: 1,6854 c/R)

Agricultural Properties: 0,2233 c/R (2011/12: 0,21074 c/R)

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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A rebate of 40,00% (2011/12: 40,00%) was allowed on residential properties whilst a discount of 30,00% (2011/12: 30,00%) was granted on properties owned by the State.

Rates are levied yearly on property owners and are payable on 30 September. Property owners can apply for monthly payments in which case the monthly amount has to be paid by the 15th of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

24 GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	65,874,000	58,219,000
Operational Grants	65,874,000	58,219,000
Conditional Grants	86,495,842	81,439,905
National: EPWP	776,753	-
National: FMG	1,515,523	1,010,483
National: MIG	51,340,031	31,282,907
National: MSIG	570,510	878,082
National: DWA	1,481,000	1,481,000
National: Housing	25,165,728	31,966,648
Provincial: Library Development	932,059	646,000
Provincial: Blue Drop & Green Support	80,682	315,456
Provincial: ACIP Water Backlogs Ward 7	2,854,849	13,859,329
Provincial: Kuruman Reservoir	1,778,707	-
Total Government Grants and Subsidies	152,369,842	139,658,905

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Operational Grants:

24.1 National: Equitable Share	65,874,000	58,219,000
Balance unspent at beginning of year	-	-
Current year receipts	65,874,000	58,219,000
Conditions met - transferred to Revenue	-65,087,000	-53,796,000
Other Adjustments/Refunds	-787,000	-4,423,000
Conditions still to be met - transferred to Liabilities (see Note 19)	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R346 (2012: R293), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. All residential households receive 6 kl water and 50 kWh electricity (indigents only) free every month.

An amount of R787 000 (2012 - R 4 423 000) has been withheld

Conditional Grants

24.2 National: EPWP Grant

Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	-
Conditions met - transferred to Revenue	-776,753	-
Conditions still to be met - transferred to Liabilities (see Note 19)	223,247	-

The Expanded Public Works Programme Grant was allocated to the municipality for environmental projects. No funds have been withheld.

24.3 National: FMG Grant

Balance unspent at beginning of year	15,523	1,450,000
Current year receipts	1,500,000	-
Conditions met - transferred to Revenue	-1,515,523	-1,010,477
Other Adjustments/Refunds	-	-424,000
Conditions still to be met - transferred to Liabilities (see Note 19)	-	15,523

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. An amount of R424 000 has been withheld in 2012.

24.4 National: MIG Funds

Balance unspent at beginning of year	10,131,772	-829,321
Current year receipts	55,163,000	45,474,000
Conditions met - transferred to Revenue	-51,340,031	-31,282,907
Other Adjustments/Refunds	-	-3,230,000
Conditions still to be met - transferred to Liabilities (see Note 19)	13,954,741	10,131,772

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. An amount of Nil (2012 : R3 230 000) has been withheld.

24.5 National: MSIG Funds

Balance unspent at beginning of year	67,306	356,788
Current year receipts	800,000	790,000
Conditions met - transferred to Revenue	-570,510	-878,082
Other Adjustments/Refunds	-155,000	-201,400
Conditions still to be met - transferred to Liabilities (see Note 19)	141,796	67,306

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. An amount of R 155 000 (2012 R 201 400) has been withheld

24.6 National: Department Water Affairs (DWA)

Balance unspent at beginning of year	-	-
Current year receipts	1,481,000	1,481,000
Conditions met - transferred to Revenue	-1,481,000	-1,481,000
Conditions still to be met - transferred to Liabilities (see Note 19)	-	-

This grant was used for the operation and maintenance of sewerage and water schemes transferred from DWA to the municipality, the refurbishment of water infrastructure, the Olifants River Water Resource project and the payment of salaries of staff transferred from DWA. No funds have been withheld.

24.7 National: Department Energy

Balance unspent at beginning of year	632,149	658,149
Other Adjustments/Refunds	-632,000	-26,000
Conditions still to be met - transferred to Liabilities (see Note 19)	149	632,149

Expenses were incurred to promote rural development and upgrade electricity infrastructure. An amount of R632 000 (2012: R26 000) has been withheld.

24.8 National: Housing Grants

Balance unspent at beginning of year	1,196,560	1,456,262
Current year receipts	30,304,800	31,706,946
Conditions met - transferred to Revenue	-25,165,728	-31,966,648
Conditions still to be met - transferred to Liabilities (see Note 19)	6,335,632	1,196,560

No funds have been withheld.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
24.9 National: Water and Sanitation Master Plan		
Balance unspent at beginning of year	353	541,953
Other Adjustments/Refunds	-	-541,600
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>353</u></u>	<u><u>353</u></u>

An amount of R 541 000 has been withheld in 2012

24.10 Provincial: Amogelang Early Childhood

Balance unspent at beginning of year	68,932	68,932
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>68,932</u></u>	<u><u>68,932</u></u>

This grant was allocated to assist the municipality to set up a early learning centre. No funds have

24.11 Provincial: Library Development

Balance unspent at beginning of year	59	59
Current year receipts	932,000	646,000
Conditions met - transferred to Revenue	-932,059	-646,000
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>-</u></u>	<u><u>59</u></u>

This grant was received to support the municipality in the improvement of its financial administration.
No funds have been withheld.

24.12 Provincial: Blue Drop & Green Support

Balance unspent at beginning of year	66,483	16,738
Current year receipts	14,199	365,201
Conditions met - transferred to Revenue	-80,682	-315,456
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>-</u></u>	<u><u>66,483</u></u>
No funds have been withheld.		

24.13 Provincial: ACIP Water Backlogs Ward 17

Balance unspent at beginning of year	291,976	-
Current year receipts	4,418,689	14,151,305
Conditions met - transferred to Revenue	-2,854,849	-13,859,329
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>1,855,816</u></u>	<u><u>291,976</u></u>

This grant was allocated for bulk water supply and to assist in the improvement of the performance of the municipality. No funds have been withheld.

24.14 Provincial: Kuruman Reservoir

Balance unspent at beginning of year	-	-
Current year receipts	1,892,269	-
Conditions met - transferred to Revenue	-1,778,707	-
Conditions still to be met - transferred to Liabilities (see Note 19)	<u><u>113,562</u></u>	<u><u>-</u></u>

The grant was allocated to upgrade the water reservoir.

24.15 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2013), government grant funding is expected to increase over the forthcoming three financial years.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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25 PUBLIC CONTRIBUTIONS AND DONATIONS

Unconditional Contributions	2,196,200	-
Total Public Contributions and Donations	2,196,200	-

Assets were donated to the municipality during the year under review(refer note 48)

26 SERVICE CHARGES

Sale of Electricity	65,868,294	58,190,404
Sale of Water	13,787,943	9,103,846
Refuse Removal	5,895,295	4,967,146
Sewerage and Sanitation Charges	8,783,786	8,798,231
Total Service Charges	94,335,318	81,059,627

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

27 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Other Facilities	1,265,072	1,670,431
Total Rental of Facilities and Equipment	1,265,072	1,670,431

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

28 INTEREST EARNED

External Investments:		
Call Deposit investment	1,714,060	1,080,107
	1,714,060	1,080,107
Outstanding Debtors:		
Outstanding Billing Debtors	636,884	1,964,552
	636,884	1,964,552
Total Interest Earned	2,350,944	3,044,659

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Call Deposit investment	1,714,060	1,080,107
Outstanding Billing Debtors	636,884	1,964,552
	2,350,944	3,044,659

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
29 OTHER REVENUE		
ADVERTISING SIGNS	58,440	59,622
BRAKE-TEST	154	257
BUILD PLAN APPRVMENT FEES	466,115	396,347
ENTRANCEFEES DAILY VISITORS	143,504	167,254
FAXES	9,230	9,524
INSURANCE CLAIMS	21,009	377,451
LAND:USAGE/RECONSTR	46,157	49,806
LEVIES	122,744	128,400
LOST BOOKS	807	1,468
PRIVATE WORK	5,930	4,737
PROFIT ON SALE OF INVESTMENT	-	74
PROJECTING STRUCTURES	9,050	144,761
REASSET SETTLEMENT	-	3,906
RECONNECTION FEES	30,280	103,700
REGISTRATION: BUSINESS	2,313	9,652
SALE OF STANDS	-	849,081
STOCK ADJUSTMENTS	3,472	631,203
SUNDRIES	50,668	65,546
TEST - DRIVERS LICENCE	265,418	215,670
TEST - LEARNER'S LICENCE	295,776	126,687
VALUATION CERTIFICATE	67,893	70,406
WEIGH-BRIDGE	1,485,567	-
Total Other Revenue	3,084,527	3,415,552

Other Revenue have been restated to correctly classify revenue previously erroneously recognised for Retentions Forfeited. Refer to Note 38 on "Correction of Error" for details of the restatement.

30 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	39,509,314	31,373,649
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9,807,339	8,090,600
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2,470,751	3,146,184
Housing Benefits and Allowances	1,690,201	1,492,027
Overtime Payments	2,278,661	1,195,270
Defined Benefit Plan Expense:	2,970,613	1,377,645
Interest cost	786,162	745,848
Service cost	965,739	897,615
Net Actuarial (gains)/losses recognised	1,218,712	-265,818
Total Employee Related Costs	58,726,879	46,675,375

No advances were made to employees. Loans to employees are set out in Note 14.

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager		
Annual Remuneration	797,262	655,950
Car and Other Allowances	162,000	44,500
Other	18,000	7,500
Total	977,262	707,950

The Municipal Manager was appointed on 2 July 2012 with a contract period ending on 30 June 2017.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	643,549	646,904
Bonus	39,900	-
Car and Other Allowances	84,000	84,000
Other	15,600	14,400
Total	783,049	745,304

The CFO was appointed on 2 January 2009 with a contract period ending on 31 December 2013.

Remuneration of the Manager: Community Services

Annual Remuneration	729,949	730,904
Car and Other Allowances	37,500	-
Other	16,400	14,400
Total	783,849	745,304

The Community Services Manager's was appointed on 01 February 2013 with a contract period ending on 31 January 2018.

Remuneration of the Manager: Corporate Services

Annual Remuneration	639,541	164,726
Car and Other Allowances	-	18,000
Other (Cellphone allowance)	22,504	3,600
Total	662,045	186,326

The Corporate Services Manager was appointed on 3 September 2012 with a contract period ending on 31 August 2017.

Remuneration of the Manager: Technical Services

Annual Remuneration	207,816	520,087
Car and Other Allowances	48,000	89,000
Other (Cellphone allowance)	4,800	12,000
Total	260,616	621,087

The Technical Services Manager was appointed on 1 March 2013 with a contract period ending on 28 February 2018.

There are no post-employment or termination benefits payable to section 57 employees at the end of the contract period.

31 REMUNERATION OF COUNCILLORS

Mayor	681,405	630,735
Speaker	602,681	508,356
Executive Committee Members	904,501	792,465
Councillors	4,230,298	3,598,269
Total Councillors' Remuneration	6,418,885	5,529,825

Remuneration of Councillors:

In-kind Benefits

The Councillors occupying the positions of Mayor, Speaker, Chief Whip and four members of the Executive Committee of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
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32 DEPRECIATION AND AMORTISATION

Depreciation:	53,099,218	42,065,065
Total Depreciation and Amortisation	53,099,218	42,065,065

Depreciation and Amortisation have been restated to correctly disclose the expense on Library Books not previously recognised in terms of GRAP 17. Refer to Note 38 on "Correction of Error" for details of the restatement.

33 IMPAIRMENT LOSSES

33.1 Impairment Losses on Fixed Assets	-	430,881
33.2 Impairment Losses on Financial Assets		
Impairment Losses Recognised:		
Receivables from Exchange Transactions	9,813,611	11,059,197
Receivables from Non-exchange Transactions	7,370,654	7,660,311
	2,442,957	3,398,886
	9,813,611	11,059,197
Total Impairment Losses	9,813,611	11,490,078

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

34 FINANCE COSTS

Finance Leases	162,512	141,301
Loans and Payables at amortised cost	2,099,549	3,796,786
Provision for rehabilitation of landfill site interest due to discounting	1,319,074	1,205,635
Fair value adjustments on credit purchases	1,079,989	846,357
Total Interest Paid on External Borrowings	4,661,124	5,990,080

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

35 BULK PURCHASES

Electricity	53,340,094	42,697,316
Total Bulk Purchases	53,340,094	42,697,316

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

36 GENERAL EXPENSES

Included in General Expenses are the following:

ADMINISTRATION FEES	-650	-2,619
ADVERTISEMENTS	225,036	194,054
ANIMAL WELFARE	17,336	-11,410
AUDIT COSTS	3,383,796	3,428,229
BANK CHARGES	459,144	363,042
BOUQUETS, WREATH ETC	2,186	1,515
BUSINESSPLANS	2,850	-
CLEANING	356,326	375,089
COLLECTION COSTS	-	-
COMPENSATION COMMISS	432,011	-
COMPUTER	59,759	62,751
COURIER COST	2,830	-
DEEDS OFFICE STATEMENTS	3,940	1,638
DISASTER MANAGEMENT	86,485	126,026

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
DRAWING OFFICE: EQUIPMENT	79	318
DWAF	15,304,564	12,000,000
ELECTION EXPENSES	-	32,590
ELECTRICITY	1,277,370	1,568,741
ENTERTAINMENT	406,019	226,651
GRANTS	20,381,888	32,753,666
FAXES	19,141	11,635
FODDER / FORAGE	-	3,690
HOLIDAY PROGRAMMES	-	4,306
I T C / BROCHURE	36,341	75,336
INSURANCE	3,114,304	2,594,528
INTERNAL SPORTS	109,652	-
INTERNET	46,165	43,212
LED POLICY/PROGRAMME	45,282	6,142
LEGAL COSTS	1,134,962	2,318,546
LETSEMA ACTIVITIES/MAGAZINES	191,946	139,009
LIBRARY DEVELOPMENT	889,969	646,000
LICENCES	42,870	33,630
LOST BOOKS	2,002	16,333
MATERIAL AND STOCK	4,864	4,429
MEDICAL FEES	8,697	-
MILK SAMPLES	-	24,570
OCCUPATIONAL SAFETY	-	191
ORGANISATIONAL PMS	216,937	122,975
PENALTIES	45,455	-
PHOTOCOPIES	83,534	126,521
PHYSICAL PLANNING	53,137	52,656
POSTAGE, STAMPS & TE	254,185	250,625
POVERTY FUNERAL	74,849	77,928
PRINTING	232,685	169,711
PROFESSIONAL FEES	4,466,667	1,336,409
PUBLICITY	110,491	139,028
REFERENCE BOOKS / EQ	14,522	17,549
REFRESHMENTS	8,853	20,157
REFUSE BAGS	3,849	6,402
RENTAL	451,468	777,654
SABS EXAMINATION FEES	6,776	18,513
SECURITY SERVICES	2,606,458	1,792,072
SERVICE OF STANDS	3,057,674	-
SETA	474,928	368,706
SPORTS	11,290	71,987
STATIONERY	64,898	74,233
STIPEND	1,561,000	1,371,000
STOCK ADJUSTMENT	50,013	4,483,312
PROVISION FOR OBSOLETE STOCK	59,481	-
STUDY AIDS	73,681	-22,628
SUBSCRIPTION FEES	499,543	296,128
TELEPHONE	503,976	510,545
TOTAL TRAFFIC SERVICES(FINES	4,143,887	3,396,862
TOURISM	39,887	12,215
TRAIN:OFFICIALS/WARD COM MEM	165,626	161,095
TRANS FEE TELCOM/SEATING ALL	2,700	5,400
TRAVELLING	1,633,423	1,210,509
VALIDATOR COSTS	160,950	8,407
W/V SPORTING GROUNDS	19,430	-
WATER	166,682	197,389
YOUTH COUNCIL	97,916	28,558
Fair Value Adjustment	-864,370	-773,361
Total General Expenses	68,599,648	73,350,395

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	2013 R	2012 R
36.1 Material Losses	38,863,081	18,221,992
Other Losses		
Distribution Losses:		
Electricity Losses	38,863,081	18,221,992
Water Losses	10,541,547	3,451,108
	28,321,534	14,770,884

The amounts disclosed above for **Electricity and Water Losses** are in respect of costs incurred in the general management of the municipality and not directly attributable to a specific service or class of expense (See Note 41.9).

The comparative year has been restated due to the correction of prior period errors (Refer to note 38)

No other extra-ordinary expenses were incurred.

37 CHANGE IN ACCOUNTING POLICY

The municipality adopted no Accounting Standards for the first time during the financial year 2012/13 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

The municipality adopted the following Accounting Standards for the first time during the financial year in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1.

- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments

37.1 GRAP 21 - Impairment of Non-cash-generating Assets

The Accounting Standard for *Impairment of Non-cash-generating Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 21.

The municipality has developed Accounting Policies to fully comply with GRAP 21 (*Impairment of Non-cash-generating Assets*). Previously the municipality used the principles set out in IPSAS 21 to account for impairment of non-cash-generating assets. GRAP 21 is applied prospectively and there is no need for restatement of prior year figures as the principles in GRAP 21 and IPSAS 21 are similar.

37.2 GRAP 23 - Revenue from Non-exchange Transactions

The Accounting Standard for *Revenue from Non-exchange Transactions* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 23.

The municipality has developed Accounting Policies to fully comply with GRAP 23 (*Revenue from Non-exchange Transactions*). Previously the municipality used the principles set out in GAMAP 9 to account for revenue from non-exchange transactions. GRAP 23 is applied prospectively and there is no need for restatement of prior year figures.

37.3 GRAP 24 - Presentation of Budget Information in the Financial Statements

The Accounting Standard for *Presentation of Budget Information in the Financial Statements* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 24.

The municipality has developed Accounting Policies to fully comply with GRAP 24 (*Presentation of Budget Information in the Financial Statements*). Previously the municipality used the principles set out in GRAP 1 to present budget information.GRAP 24 is to be applied prospectively. To fully comply with the requirements set out in this Standard, the municipality have included the following budget information:

- Budget Statement
- Appendix E1: Reconciliation of Budgeted Financial Performance by Standard Classification
- Appendix E2: Reconciliation of Budgeted Financial Performance by Municipal Vote
- Appendix E3: Reconciliation of Budgeted Financial Performance
- Appendix E4: Reconciliation of Budgeted Capital Expenditure
- Appendix E5: Reconciliation of Budgeted Cash Flows

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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37.4 GRAP 26 - Impairment of Cash-generating Assets

The Accounting Standard for *Impairment of Cash-generating Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 26.

The municipality has developed Accounting Policies to fully comply with GRAP 26 (*Impairment of Cash-generating Assets*). Previously the municipality used the principles set out in IAS 36 to account for impairment of cash-generating assets. GRAP 21 is applied prospectively and there is no need for restatement of prior year figures as the principles in GRAP 21 and IAS 36 are similar.

37.5 GRAP 103 - Heritage Assets

The Accounting Standard for *Heritage Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 103.

The municipality has developed Accounting Policies to fully comply with GRAP 103 (*Heritage Assets*). Previously the municipality used the principles set out in GRAP 17 to account for impairment of cash-generating assets. Heritage Assets have been recognised retrospectively in the Annual Financial Statements.

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

37.6 Reclassification of Property, Plant & Equipment and Heritage Assets

The prior year figures of Property, Plant & Equipment and Heritage Assets have been restated to correctly disclose the assets held by the municipality in terms of GRAP 103.

The effect of the Change in Accounting Policy is as follows:

	Property, Plant & Equipment	Heritage Assets
Balances published as at 30 June 2011		-
Transfer Heritage Assets	-1,686,000	1,686,000
Restated Balances as at 30 June 2011	<u>-1,686,000</u>	<u>1,686,000</u>

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2012 and the Accumulated Surplus of prior years was not affected either.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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38 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

38.1 Allocation correction of prior year balances

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

	As previously reported 2012 R	Allocation corrections 2012 R	Restated 2012 R
Assets			
Current assets			
Inventories	3,006,893		3,006,893
Operating lease assets	(1,978)		-1,978
Receivables from exchange transactions	98,012	7,351,122	7,449,134
- Debtors advance salaries		-5,988	
- Debtors advance wages		5,408	
- Debtors advance council		-15,244	
- Consumer Debtors		7,377,364	
- Debtors Housing		71,770	
- Deposits transferred to receivables from non-exchang transactions		-82,188	
Receivables from non-exchange transactions	7,483,220	661,827	8,145,047
- Debtors advance salaries		5,988	
- Debtors advance council		15,244	
- Debtors Housing		-71,770	
- Creditors: unidentified deposits		630,177	
- Deposits - Eskom		82,150	
- Deposits - Balju		38	
VAT receivable	7,197,714		7,197,714
Consumer debtors	7,377,364	-7,377,364	-
Cash and cash equivalents	16,863,879		16,863,879
	42,025,104		42,660,689
Non-Current Assets			
Investment Property	1,601,700		1,601,700
Property, Plant and equipment	957,566,061		957,566,061
Intangible assets	93,488		93,488
Other financial assets	222		222
Long-Term Receivables	465,395		465,395
	959,726,866		959,726,866
Current liabilities			
Other financial liabilities	(2,003,255)	-264,501	-2,267,756
Provisions		-363,463	-363,463
Finance lease obligations	(264,501)	264,501	-
Payables from exchange transactions	(4,948,827)	726,570	-4,222,257
- Creditors: unidentified deposits		-630,177	
- Guarantee fund MTH water PH2		736,584	
- Deposits other		1,356,747	
- Retention debtors		-736,584	
Payables from non-exchange transactions	-	-4,419,794	-4,419,794
- Guarantee fund MTH water PH2		-736,584	
- Deposits other		-1,356,747	
- Other short term employee benefits		-1,318,979	
- Staff bonuses		-1,738,660	
- Debtors advance wages		-5,408	
- Retention debtors		736,584	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Consumer deposits	(2,192,025)	-2,192,025
Retirement benefit obligations	(363,463)	363,463
Unspent conditional grants and receipts	(11,586,053)	-11,586,053
Provisions	(1,738,660)	1,738,660
Other short-term employee benefits	(1,318,979)	1,318,979
Bank overdraft	-	-
	(24,415,763)	-25,051,348
Non-current liabilities		
Other financial liabilities	(28,037,262)	-28,900,786
Finance lease obligations	(863,524)	863,524
Retirement benefit obligations	(9,757,674)	1,265,330
Non-current provisions	-	-1,265,330
	(38,658,460)	-38,658,460
Net Assets - Accumulated surplus as at 30 June 2011	(925,309,895)	-925,309,895
<u>Statement of Financial Performance:</u>		
Revenue		
Property rates	(14,823,008)	-14,823,008
Service charges	(80,915,552)	-80,915,552
Rental of facilities and equipment	(1,666,502)	-1,666,502
Dividends received	(296)	-296
Income from agency services	(1,267,224)	1,267,224
- Transferred to Licences and permits	1,267,224	
Fines	(4,082,812)	-4,082,812
Licences and Permits	(1,774,889)	-1,267,224
- Income from agency services	-1,267,224	-3,042,113
Government grants and receipts	(128,456,653)	-12,133,824
- Correction of grant expenditure included in grant income	-11,514,741	-140,590,477
- Correction of grants journals not correctly posted in 2012	-619,083	
Miscellaneous other revenue	(3,854,231)	-377,451
Third party payments	(377,451)	377,451
Interest received (Investment, trade and other receivables)	(1,873,025)	-74,077
Interest received - other	(1,154,184)	74,077
Total revenue	(240,245,827)	-252,379,651
Expenditure		
Personnel	42,726,261	4,208,199
- Allocation correction of contract workers' remuneration against personnel expenditure	3,572,322	46,934,460
- Allocation correction of pensions included in general expenses	45,561	
- Allocation correction of fair value adjustments against personnel expenditure	590,316	
Remuneration of councillors	5,529,825	5,529,825
Depreciation and amortization	41,879,896	41,879,896
Impairments	8,420,370	8,420,370
Finance cost	3,929,148	3,929,148
Repairs and maintenance	19,927,352	-3,330,268
- Allocation correction of expenditure - refer to general expenses	242,054	16,597,084
- Allocation correction of contract workers' remuneration against personnel expenditure	-3,572,322	
Bulk purchases	41,533,132	41,533,132
Grants and subsidies paid	21,654,250	-21,654,250
- Grant expenditure capitalised during the year	-21,654,250	
General expenses	40,687,425	33,500,459
- Correction of grant expenditure included in grant income	11,514,741	74,187,884
- Allocation correction of expenditure - refer to repairs and maintenance	-242,054	
- Allocation correction of grant expenditure	21,654,250	
- Allocation correction of pensions included in general expenses	-45,561	
Correction of grant journals not correctly posted in 2012	619,083	
Total expenditure	226,287,659	239,011,799
Fair value adjustments	590,316	-590,316
- Allocation correction of expense against personnel costs	-590,316	
Surplus for the year ended 30 June 2012	(13,367,852)	-13,367,852
	-	-
	-	-

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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38.2 Correction of prior period errors

During the 2011/12 financial period the following errors were corrected, which are set out below:

a) <u>Current assets - Inventory</u>	(Refer to note 2)	
Balance previously reported:-		3,006,893
Add: Accounting for water inventory		65,565
Add: Accounting for property stock		18,077,400
Restated balance		21,149,858
b) <u>Current assets - VAT receivable</u>	(Refer to note 6)	
Balance previously reported:-		7,197,714
Less: Correction of VAT with regards to grant expenditure		-40,733
Less: VAT on a debtor raised for rental of MTN antenna space		-857
Less: VAT on debtor raised for consumption between last meter reading for the financial year and year-end		-374,817
Restated balance		6,781,307
c) <u>Current portion of Long-term receivables</u> (Refer to note 9)		
Balance previously reported:-		-
Add: Transfer from long-term receivables		38,205
- Housing loans		28,320
- Debtors with arrangements		9,885
Restated balance		38,205
d) <u>Current assets - Operating lease asset</u> (Refer to note 8)		
Balance previously reported:-		-1,978
Less: Correction of opening balance against telephone expenses		1,978
Add: Operating lease asset with regards to straight lining of MTN antenna spaces		6,428
Less: Write back of monthly rent received - MTN antenna space		-6,121
Restated balance		306
e) <u>Current assets - Receivables from exchange transactions</u> (Refer to note 4)		
Balance after allocation corrections:-		7,449,134
Correction of debtors with credit balances transferred to payables from exchange transactions		852,496
Correction of Provision for doubtful debts		878,159
Debtor raised for consumption between last meter reading for the financial year and year-end		3,052,082
Restated balance		12,231,871
f) <u>Current assets - Receivables from non-exchange transactions</u>	(Refer to note 5)	
Balance after allocation corrections:-		8,145,047
Add debtor raised for rental of MTN antenna space		6,978
Add debtor raised for fines		439,622
Correction of debtors with credit balances transferred to payables from non-exchange transactions		30,824
Correction of provision for doubtful debts regarding rates		-1,673,615
Add provision for doubtful debts regarding sundry debtors		-3,398,886
Correction of revenue credited against sundry debtor account regarding rental income		94,736
Debtors raised as at 30 June 2012 re sale of stand		506,456
Restated balance		4,151,162

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
g) <u>Current assets - Cash and cash equivalents</u>	(Refer to note 7)		
Balance previously reported:-		16,863,879	
Less: Disclosure of bank overdraft as a current liability		181,378	
Restated balance		<u>17,045,257</u>	
h) <u>Non-current assets - Property, plant and equipment</u>	(Refer to note 10)		
Balance previously reported:-		957,566,061	
Add:			
Correction for finance leased assets - Xerox WC 5790 photocopy machine		159,275	
Provision raised for rehabilitation of landfill site capitalised against PPE		7,087,706	
Properties transferred to inventory - property stock		-16,935,400	
Correction of PPE opening balance as at 30 June 2011 as per Appendix B		1,523,628	
Correction of depreciation for the year ended 30 June 2012 as per Appendix B		-185,169	
Properties transferred to Investment Property		-479,000	
Accounting for a school register in the name of the municipality, not yet transferred to the Department of Transport and Public Works		1,160,400	
Restated balance		<u>949,897,500</u>	
i) <u>Non-current assets - Investment Property</u>	(Refer to note 12)		
Balance previously reported:-		1,601,700	
Less: Properties transferred to Heritage Assets		(1,601,700)	
Add: Properties transferred from Property, Plant and Equipment		479,000	
Add: Investment Properties identified which were not previously capitalised		225,000	
Restated balance		<u>704,000</u>	
j) <u>Non-current assets - Heritage Assets</u>	(Refer to note 13)		
Balance previously reported:-		-	
Add: Properties transferred from Investment Property		1,601,700	
Restated balance		<u>1,601,700</u>	
k) <u>Non-current assets - Other Financial assets</u>			
Balance previously reported:-		222	
Less: Correction of shares cancelled in 2011/12 but not recorded in the general ledger		-222	
Restated balance		<u>-</u>	
l) <u>Non-current assets -Other Financial assets (Long - Term Receivables)</u>	(Refer to note 14)		
Balance previously reported:-		465,395	
Less: Correction of opening balance against accumulated surplus as at 30 June 2011		-160,508	
Correction of capital redemption for the year ended 30 June 2012		-15,301	
Less: Accounting for debtors with arrangements @ amortised cost		-295	
Less: Current portion transferred to current assets		-38,205	
Restated balance		<u>251,086</u>	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
m) <u>Current liabilities: Trade Payables from Exchange Transactions</u>	(Refer to note 17)		
Balance after allocation corrections:-		-4,222,257	
Add: Expenses not accrued for in the 2012 financial year		-5,283,380	
- General expenses		-27,605	
- Repairs and maintenance		-17,866	
- Bulk purchases		-5,237,909	
Add: Expenses not accrued for in the 2011 financial year		-3,775	
- Accumulated surplus as at 30 June 2011		-3,775	
Add: Consumer Debtors with credit balances transferred from receivables from exchange transactions		-852,496	
Discounting of trade payables		99,485	
Restated balance		-10,262,424	
n) <u>Current liabilities: Trade Payables from Non- Exchange Transactions</u>	(Refer to note 18)		
Balance after allocation corrections:-		-4,419,794	
Add: Payments received in advance with regards to		-419,497	
- Hall Rental		-2,497	
- Water connections		-13,050	
- Pre-paid electricity		-403,950	
Add: Sundry Debtors with credit balances transferred from receivables from non-exchange transactions		-30,824	
Payments received in advance re. property not sold as at 30 June 2012		-295,780	
Restated balance		-5,165,895	
o) <u>Current liabilities: Unspent conditional grants and receipts</u>	(Refer to note 19)		
Balance previously reported:-		-11,586,053	
Correction of unspent grants against grant revenue		-885,060	
Restated balance		-12,471,113	
p) <u>Current liabilities: Bank Overdraft</u>	(Refer to note 7)		
Balance previously reported:-		-	
Disclosure of bank overdraft as a current liability		-181,378	
Restated balance		-181,378	
q) <u>Current liabilities: Current Portion of Long Term Liabilities</u>	(Refer to note 20)		
Balance after allocation corrections:-		-2,267,756	
Correction of current portion of LT liabilities		374	
Write-Back of amounts previously disclosed - ABSA annuity loans		140,353	
Restated amount - ABSA annuity loans		-139,979	
Additional amount transferred to current liability re. Xerox WC5790		-31,066	
Restated balance		-2,298,448	
r) <u>Current liabilities: Provisions</u>	(Refer to note 16)		
Balance after allocation corrections:-		-363,463	
Correction of current portion of LT liabilities		363,463	
Write-Back of amounts previously disclosed		132,537	
- Retirement benefit obligations		230,926	
- Non-current provisions - long service awards			
Restated balances		-395,263	
- Retirement benefit obligations		-171,372	
- Non-current provisions - long service awards		-223,891	
Restated balance		-395,263	

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
s) <u>Non-Current liabilities: Retirement benefit obligations</u>	(Refer to note 21)		
Balance after allocation corrections:-		-8,492,344	
Correction of Benefits paid during 2012		-632,027	
Correction of actuarial gains and losses		1,343,047	
Correction of short term portion of post retirement benefits		38,835	
- Short term portion - previously reported		-132,537	
- Short term portion - restated		171,372	
Restated balance		<u>-7,742,489</u>	
t) <u>Non-Current liabilities: Non-Current provisions</u>	(Refer to note 22)		
Balance after allocation corrections:-		-1,265,330	
Correction of Benefits paid during 2012		34,974	
Correction of actuarial gains and losses		-486,913	
Correction of short term portion of long service awards		-7,035	
- Short term portion - previously reported		-230,926	
- Short term portion - restated		223,891	
Accounting for provision for rehabilitation of landfill site		-8,293,341	
- Accounting for provision as at 30 June 2011		-7,087,706	
- Accounting for interest due to discounting for the year ended 30 June 2012		-1,205,635	
Restated balance		<u>-10,017,645</u>	
u) <u>Non-Current liabilities: Other financial liabilities</u>	(Refer to note 20)		
Balance after allocation corrections:-		-28,900,786	
Correction of DBSA balances as at 30 June 2012		2,563	
Correction of finance lease liability - Xerox WC 5790 photocopy machine		-133,827	
Correction of finance lease liability - Corsa vehicles		-294	
Correction of finance lease liabilities - Corsa & Discovery - finance charges paid during the year		2,126	
Correction of finance lease liabilities - Discovery - cash payment made during the year		62,752	
Correction of current portion of LT Liabilities DBSA & ABSA		-374	
- Write-Back of amounts previously disclosed - ABSA annuity loans		-140,353	
- Restated amount - ABSA annuity loans		139,979	
Correction of current portion of LT - Finance lease liability Photocopy machines			
- Additional amount transferred to current liabilities re. Xerox WC5790		31,066	
Restated balance		<u>-28,936,775</u>	

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
v) Correction of errors against Accumulated Surplus/(Deficit) as at 30 June 2011		
Balance previously reported:-		-925,309,895
Plus/(Minus):		
Correction of expenses not accrued for as at 30 June 2011	3,775	
Correction of finance lease liability as at 30 June 2011 - Corsa vehicles	294	
Bulk purchases payable as at 30 June 2011	4,073,725	
Payments received in advance as at 30 June 2011 re pre-paid electricity sales	345,598	
Correction of provision for doubtful debts as at 30 June 2011	1,124,634	
Credit balances on sundry debtors accounts allocated against accumulated surplus as at 30 June 2011	-48,614	
Correction of Long term receivables against accumulated surplus as at 30 June 2011	160,508	
Debtor raised for consumption between last meter reading for the financial year and year-end as at 30 June 2011	-2,461,789	
Debtor raised for fines receivable as at 30 June 2011	-23,114	
Property Plant and Equipment recognised as at 30 June 2011 not appearing on the asset register	-1,589,600	
Correction of PPE opening balance as at 30 June 2011 as per Appendix B	-1,523,628	
Investment Properties identified which were not previously capitalised	-225,000	
Accounting for a school register in the name of the municipality, not yet transferred to the Department of Transport and Public Works	-1,160,400	
Restated balance	-926,633,506	
w) Correction of errors against Surplus for the year ended 30 June 2012		-13,367,852
Balance previously reported:-		
Plus/(Minus):		
Correction of shares cancelled in 2011/12 but not recorded in the general ledger	222	
- Dividends received	296	
- Other income - Profit on sale of shares	-74	
Correction of expenses not accrued for in 2012 financial year	5,283,380	
- General expenses	27,605	
- Repairs and maintenance	17,866	
- Bulk purchases	5,237,909	
Correction of VAT with regards to grant expenditure in 2012	40,733	
Accounting for payments received in advance	419,497	
- Rental of facilities - Hall Rental	2,497	
- Service charges - Water connections	13,050	
- Service charges - Pre-paid electricity	403,950	
Correction of DBSA Loans - Finance charges paid during the year	-2,563	
Correction of finance leased asset (Xerox WC 5790) not accounted for in prior financial year, affecting:	-25,447	
- Finance charges	13,334	
- General expenses - rent paid	-38,782	
Correction of finance leased liabilities (Corsa vehicles & Discovery), affecting:	-64,878	
- Finance charges	-2,126	
- Repairs and maintenance - (cash payment for Discovery)	-62,752	
Correction of operating lease asset	-1,978	
- General expenses	-1,978	
Correction of unspent grants	885,060	
- Grant revenue	885,060	
Correction of retirement benefit obligations	-711,020	
- Employee related cost - Benefits paid	632,027	
- Employee related cost - Actuarial gains	-1,343,047	
Correction of non-current provisions - Long service awards	451,939	
- Employee related cost - Benefits paid	-34,974	
- Employee related cost - Actuarial gains	486,913	
Accounting for provision of rehabilitation of landfill site - affecting finance charges	1,205,635	
Debtors raised for MTN - rent of antenna space	-6,427	
- Revenue: Rental income - Debtor raised	-6,427	
Debtor raised for fines recoverable	-416,509	
Accounting for water inventory as at 30 June 2012 - General Expenses	-65,565	

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Correction of provision for doubtful debts:		795,456
- Receivables from exchange transactions		-878,159
- Receivables from non-exchange transactions regarding rates		1,673,615
Accounting for provision for doubtful debts - sundry debtors		3,398,886
Correction of credit balances on sundry debtors accounts allocated against income		-46,122
Reversal of creditors raised as at 30 June 2011 against accumulated surplus		-4,419,323
- Bulk purchases		-4,073,725
- Service charges - Pre-paid electricity		-345,598
Reversal of correction of provision for doubtful debts as at 30 June 2011		-1,124,634
- Impairment losses		
Debtor raised for consumption between last meter reading for the financial year and year-end		(215,476)
- Debtor raised as at 30 June 2012		(2,677,265)
- Reversal of debtor raised as at 30 June 2011		2,461,789
Correction of Long-term receivables: Housing loans		15,301
- Other income - Capital redemption		32,751
- Interest earned for the year ended 30 June 2012		(17,451)
Correction of Long-term receivables: Accounting for debtors with arrangements @ amortised cost as at 30 June 2012		
- Finance cost		295
Accounting for profits on sale of property stock		236,924
- Other revenue - proceeds on disposal of PPE		829,575
- Profit on sale of PPE		(592,651)
Discounting of credit purchases affecting:		0
- Finance cost		945,842
- Repairs and maintenance		(172,481)
- General expenses		(773,361)
Discounting of trade payables as at 30 June 2012, affecting		
- Finance cost		(99,485)
Correction of depreciation for the year ended 30 June 2012 as per Appendix B		185,169
Correction of Government grant (Blue drop & DME) income & expenditure incorrectly allocated:		0
- Government grants and subsidies received		46,512
- Repairs and maintenance		(20,518)
- General Expenditure		(25,994)
Restated balance		(7,648,782)
x) Revenue - Service charges	(Refer to note 26)	
Balance previously reported:-		-80,915,552
Accounting for payments received in advance		
- Water connections		13,050
- Pre-paid electricity		403,950
Reversal of creditors raised as at 30 June 2011 against accumulated surplus		
- Pre-paid electricity - Payments received in advance as at 30 June 2011		-345,598
Debtor raised for consumption between last meter reading for the financial year and year-end		(215,476)
- Debtor raised as at 30 June 2012		(2,677,265)
- Reversal of debtor raised as at 30 June 2011		2,461,789
Restated balance		(81,059,627)

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
y) <u>Revenue - Rental of facilities and equipment</u>	(Refer to note 27)		
Balance previously reported:-		-1,666,502	
Accounting for payments received in advance		2,497	
- Hall Rentals		-6,427	
Debtors raised for MTN - rent of antenna space		-6,427	
Restated balance		-1,670,432	
z) <u>Revenue - Dividends received</u>			-296
Balance previously reported:-			-296
Correction of shares cancelled in 2011/12 but not recorded in the general ledger		296	
Restated balance			-
aa) <u>Revenue - Fines</u>			-4,082,812
Balance previously reported:-			-4,082,812
Debtor raised for fines recoverable as at 30 June 2012		-416,509	
Restated balance			-4,499,321
bb) <u>Revenue - Government grants and subsidies</u>	(Refer to note 24)		-140,590,477
Balance after allocation corrections:-			-140,590,477
Correction of unspent grants recognised as revenue during the year ended 30 June 2012		885,060	
Correction of Government grant (Blue drop & DME) income & expenditure incorrectly allocated		46,512	
Restated balance			-139,658,905
cc) <u>Revenue - Other revenue</u>	(Refer to note 29)		
Balance after allocation corrections:-			-4,231,682
Correction of shares cancelled in 2011/12 but not recorded in the general ledger affecting profit on sale of shares		-74	
Correction of credit balances on sundry debtors accounts allocated against income		-46,122	
Correction of Housing loans - Capital redemption for the year ended 30 June 2012		32,751	
Accounting for profits on sale of property stock - (proceeds on disposal of PPE)		829,575	
Restated balance			-3,415,552
ee) <u>Expenditure - Employee Related Cost</u>	(Refer to note 30)		46,934,460
Balance after allocation corrections:-			46,934,460
Correction of post retirement benefit obligations			
- Employee related cost - Benefits paid		632,027	
- Employee related cost - Actuarial gains		-1,343,047	
Correction of non-current provisions - Long service awards			
- Employee related cost - Benefits paid		-34,974	
- Employee related cost - Actuarial gains		486,913	
Restated balance			46,675,379
ff) <u>Expenditure - Impairments</u>	(Refer to note 33)		
Balance after allocation corrections:-			8,420,370
Correction of provision for doubtful debts:			
- Receivables from exchange transactions		795,456	
- Receivables from non-exchange transactions regarding rates		-878,159	
			1,673,615
Accounting for provision for doubtful debts - sundry debtors		3,398,886	
Reversal of correction of provision for doubtful debts as at 30 June 2011		-1,124,634	
Restated balance			11,490,078

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
gg) <u>Expenditure - Finance cost</u>	(Refer to note 34)		
Balance previously reported:-		3,929,148	
Correction of DBSA Loans - Finance charges paid during the year			
Correction of DBSA Loans - Finance charges paid during the year		-2,563	
Correction of finance leased asset (Xerox WC 5790) not accounted for in prior financial year, affecting:			
- Finance charges		13,334	
Correction of finance leased liabilities (Corsa vehicles & Discovery), affecting:			
- Finance charges		-2,126	
Accounting for provision of rehabilitation of landfill site - affecting finance charges		1,205,635	
Accounting for debtors with arrangements @ amortised cost		295	
Discounting of credit purchases		846,357	
Restated balance		5,990,081	
hh) <u>Expenditure - Repairs and maintenance</u>			
Balance after allocation corrections:-		16,597,084	
Correction of expenses not accrued for in 2012 financial year affecting repairs and maintenance		17,866	
Correction of finance leased liabilities regarding cash payment for Discovery:		-62,752	
Discounting of credit purchases		-172,481	
Correction of Government grants (Blue drop) expenditure incorrectly expensed in prior year		-20,518	
Restated balance		16,359,199	
ii) <u>Expenditure - Bulk purchases</u>			
Balance previously reported:-	(Refer to note 35)	41,533,132	
Correction of expenses not accrued for in 2012 financial year affecting bulk purchases		5,237,909	
Reversal of creditors raised as at 30 June 2011 against accumulated surplus		-4,073,725	
Restated balance		42,697,316	
jj) <u>Expenditure - General expenditure</u>	(Refer to note 36)		
Balance after allocation corrections:-		74,187,884	
Correction of expenses not accrued for in 2012 financial year		27,605	
Correction of VAT with regards to grant expenditure in 2012		40,733	
Correction of finance leased asset (Xerox WC 5790) not accounted for in prior financial year, affecting rent paid		-38,782	
Correction of operating lease asset disclosed in prior financial year		-1,978	
Accounting for water inventory as at 30 June 2012		-65,565	
Discounting of credit purchases		-773,361	
Correction of Government grants (DME) expenditure incorrectly expensed in prior year		-25,994	
Restated balance		73,350,543	
39 CASH GENERATED BY OPERATIONS			
Surplus / (Deficit) for the Year		3,794,633	7,648,785
Adjustment for:			
Depreciation and Amortisation		53,099,217	42,119,785
Impairment Losses on Provision for doubtful debts (Trade receivables)		9,813,611	12,203,926
Increase in staff leave		623,411	51,585
Contribution to Provisions - Current		82,597	-1,101,041
Contribution to Provisions - Non-current		3,811,837	2,194,754
Operating lease receivables accrued due to straightlining		-1,411	1,672
Net Loss on disposal of PPE		243,658	
Profit on disposal of PPE			-592,651
Impairment loss - PPE			562,210
Operating surplus before working capital changes		71,467,553	63,089,025

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
Decrease/(Increase) in Inventories	-377,189	2,524,085
Decrease/(Increase) in Non-Current Assets Held-for-Sale	-	-
Decrease/(Increase) in Receivables from Exchange Transactions	-9,114,034	-9,361,407
Decrease/(Increase) in Receivables from Non-exchange Transactions	-3,061,499	-3,189,649
Decrease/(Increase) in VAT Receivable	-7,527,521	-2,713,402
Increase/(Decrease) in Consumer Deposits	238,972	360,191
Increase/(Decrease) in Payables from Exchange and Non - Exchange Transactions	6,118,100	7,673,732
Increase/(Decrease) in Conditional Grants and Receipts	10,223,119	9,371,779
Cash generated by / (utilised in) Operations	67,967,501	67,754,354

40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

40.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	107,556,277	62,420,457
Opening balance previously reported		60,294,709
Adjustments to opening balance		2,125,748
Unauthorised Expenditure current year	16,053,503	45,135,820
Unauthorised Expenditure awaiting authorisation	123,609,780	107,556,277

The opening and closing balances for 2012 have been restated due to unauthorised expenditure in respect of 2010 and 2012 not disclosed.

Incident	Disciplinary Steps / Criminal Proceedings
2012/13	
2012/13 Budgeted votes exceeded: R16 053 503	<i>None - to be condoned by Council</i>
Financial Services - R1 706 718	
Community Services - R2 655 945	
Technical Services - R11 690 840	
2011/12 Budgeted votes exceeded: R45 135 820	<i>None - to be condoned by Council</i>
Planning and Development/Economic - R16 897 419	
Waste Water Management/Sewerage - R298 811	
Road Transport/Roads - R2 262 720	
Water/Water Distribution - R16 383 487	
Electricity/Electricity Distribution - R9 293 383	
2010/11 Budgeted votes exceeded: R60 294 709	<i>None - to be condoned by Council</i>
32.1 Budgeted votes exceeded: R2 125 748	<i>None - to be condoned by Council</i>

40.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	227,330	13,083
Opening balance previously reported		13,083
Adjustments to opening balance		
Fruitless and Wasteful Expenditure current year	108,686	214,247
Fruitless and Wasteful Expenditure awaiting condonement	336,016	227,330

The closing balance for 2012 has been restated due to fruitless and wasteful expenditure not disclosed.

Incident	Disciplinary Steps / Criminal Proceedings
2012/13: R108 686	
Interest and penalties on late payments - R108 686	<i>None</i>
2011/12: R214 247	
Incorrect rate in respect of Skills Development levies paid - R129 036	<i>None - to be investigated and if necessary be recovered from future payments</i>
Interest on late payments - R85 211	<i>None</i>
2010/11: R13 083	
32.2 Interest on late payments - R13 083	<i>None</i>

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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40.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	186,513,898	126,233,897
Opening balance previously reported	-	-
Adjustments to opening balance	126,233,897	126,233,897
Irregular Expenditure current year	60,280,001	60,280,001
Irregular Expenditure awaiting condonement	186,513,898	186,513,898

The opening and closing balances for 2012 have been restated due to irregular expenditure not disclosed.

Incident	Disciplinary Steps / Criminal Proceedings
2012/13: None	
2011/12: R60 280 001 <i>Supporting documentation not provided as proof that payments have gone through the procurement process - R4 702 324</i>	None
<i>Procurement procedures not followed for insurance contract - R4 698 393</i>	None
<i>Sufficient appropriate procurement documentation not provided for payments made- R7 351 132</i>	None
<i>For various payments made only one quotation obtained - R220 300</i>	None
<i>Payments made after contract expired - R1 020 096</i>	None
<i>Payments made without following procurement procedures and no service level agreements exist - R8 591 132</i>	None
<i>Supply chain management regulations regarding quotations and bids not followed - R14 716 616</i>	None
<i>Non-compliance with section 45 of MFMA regarding supply chain management - R3 006 007</i>	None
<i>Supporting documentation not provided as proof that contract had been properly procured - R15 973 908</i>	None
2010/11: R68 529 038 <i>Payments were made in contravention with the supply chain management requirements and a further overspending on the tender was identified - R10 063 051</i>	None
<i>Payments made after contract expired - R437 428</i>	None
<i>Non-compliance with section 45 of MFMA regarding supply chain management - R58 028 559</i>	None
2009/10: R57 704 859 <i>Irregular payments in respect of prior years - R12 098 913</i>	None
<i>Payments were made in contravention with the supply chain management requirements - R1 846 186</i>	None
<i>Payments were made in contravention with the supply chain management requirements as no declarations were made by the directors on joint ventures entered and the directors owned other companies contracted to the municipality - R42 335 971</i>	None
<i>Payments were made in contravention with the supply chain management requirements as no quotations were obtained - R1 423 789</i>	None

41 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

41.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Amount Paid - current year	-625,113	-229,726

Balance Unpaid (included in Creditors)

-	-
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41.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	3,808,528	3,428,229
- External Audit fees - Auditor General	2,815,472	2,406,572
- Internal Audit fees	993,056	1,021,657
Amount Paid - current year	-3,808,528	-3,428,229

Balance Unpaid (included in Creditors)

-	-
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41.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 5. All VAT returns have been submitted by the due date throughout the year.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
41.4 PAYE, Skills Development Levy and UIF		
Opening Balance		
Current year Payroll Deductions	7,065,519	6,072,989
Amount Paid - current year	-7,065,519	-6,072,989
Balance Unpaid (included in Creditors)	<u><u>-</u></u>	<u><u>-</u></u>

41.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	17,776,812	11,196,164
Amount Paid - current year	-17,776,812	-11,196,164
Balance Unpaid (included in Creditors)	<u><u>-</u></u>	<u><u>-</u></u>

41.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2013	Total	Outstanding up to 90 days	Outstanding more than 90 days
		32,108	7,361
Councillor Byleveld F P	14,055	4,528	9,977
Councillor Brink M A P	18,053	2,833	15,220
Total Councillor Arrear Consumer Accounts	<u><u>32,108</u></u>	<u><u>7,361</u></u>	<u><u>25,197</u></u>

30 June 2012	Total	Outstanding up to 90 days	Outstanding more than 90 days
		25,464	4,691
Councillor Byleveld F P	15,990	2,534	13,456
Councillor Brink M A P	9,474	2,157	7,317
Total Councillor Arrear Consumer Accounts	<u><u>25,464</u></u>	<u><u>4,691</u></u>	<u><u>20,773</u></u>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2013	Highest amount outstanding	Ageing
Councillor Byleveld F P	8,282	> 90 Days
Councillor Brink M A P	2,527	> 90 Days
30 June 2012	Highest amount outstanding	Ageing
Councillor Byleveld F P	2,786	> 90 Days
Councillor Brink M A P	16,386	> 90 Days

41.7 Non-Compliance with the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
8	75	(1) to (2)
12	129	(1)

41.8 Deviation from and ratification of minor breaches of the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

Department	Date	Successful Tenderer	Reason	Amount
Office of the Mayor	Year 2011/12	Various occasions (22)	Various reasons like preferred supplier & venue, urgency, etc	1,510,048
<i>22 Occasions during the financial year procuring various services amounting to R1 520 048,21</i>				
Community Services	Year 2011/12	Various occasions (5)	Preferred supplier, sole supplier and urgency	116,766
<i>5 Occasions during the financial year procuring chemicals, protective clothing, canopies for vehicles and tree rings amounting to R127 938,47</i>				
Corporate Support Services	Year 2011/12	Various occasions (6)	Various reasons like emergency, preferred supplier, etc	52,533
<i>6 Occasions during the financial year procuring various services amounting to R116 716,54</i>				
Electrical Services	Year 2011/12	Various occasions (6)	Sole supplier and urgency	225,038
<i>6 Occasions during the financial year procuring cable, relays, diamond cutter, robot equipment and catering services amounting to R877 699,00</i>				
Financial Services	Year 2011/12	Various occasions (4)	Sole agent, sole supplier and urgency	113,065
<i>4 Occasions during the financial year procuring printer rolls for Radex printer and electricity & water accounts amounting to R238 852,88</i>				
Supply Chain Management Services	Year 2011/12	Various occasions (6)	Limited bidding and sole supplier	70,427
<i>6 Occasions during the financial year procuring various services amounting to R236 727,04</i>				
Traffic and Emergency Services	Year 2011/12	Various occasions (10)	Various reasons like sole supplier, limited bidding, strip & quote, etc	8,652
<i>10 Occasions during the financial year procuring various services amounting to R113 450,88</i>				

41.9 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Value
30 June 2013	Unaccounted Electricity Losses	<u>10,354,175</u>	<u>10,541,547</u>
30 June 2012	Unaccounted Electricity Losses	<u>3,418,631</u>	<u>3,451,108</u>

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

Volumes in kWh/year:

System Input Volume	73,057,690	69,329,041
Billed Consumption	62,703,515	65,910,410
Distribution loss	<u>10,354,175</u>	<u>3,418,631</u>

Percentage Distribution Loss

14.17%	4.93%
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Loss (R):

10,541,547	3,451,108
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GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

				2013 R	2012 R
<i>Calculated as follows :</i>					
	Units sold	Distribution %	Lost Units	Tariff	Value
30 June 2013					
Total Electricity Losses	39,939,142	100.00%	10,354,175	@	10,541,547
- Residential	10,707,749	26.81%	2,775,971	1	3,007,729
- Business	12,285,757	30.76%	3,185,068	1	2,904,199
- Bulk user 1	2,855,066	7.15%	740,172	1	851,198
- Bulk user 2	5,052,888	12.65%	1,309,955	1	1,336,154
- Bulk user 3	7,723,104	19.34%	2,002,206	1	1,982,183
- Schools	663,621	1.66%	172,043	1	246,954
- Hostels	197,085	0.49%	51,094	1	73,147
- Departmental	76,036	0.19%	19,712	0	216
- Old age home	128,199	0.32%	33,235	1	47,458
- Load control	249,637	0.63%	64,718	1	92,308

30 June 2012

	Units sold	Distribution %	Lost Units	@	Value
30 June 2012					
Total Electricity Losses	42,988,878	100.00%	3,418,631	@	3,451,108
- Residential	12,534,687	29.16%	996,804	1	897,123
- Business	12,197,029	28.37%	969,952	1	814,760
- Bulk user 1	2,430,922	5.65%	193,316	1	224,246
- Bulk user 2	5,267,339	12.25%	418,878	1	368,612
- Bulk user 3	6,028,862	14.02%	479,437	1	652,034
- Schools	525,165	1.22%	41,763	1	53,874
- Hostels	226,534	0.53%	18,015	1	22,158
- Departmental	3,410,520	7.93%	271,217	1	385,128
- Old age home	123,844	0.29%	9,849	1	12,606
- Load control	243,977	0.57%	19,402	1	20,566

Water:

		Lost Units	Tariff	Value
30 June 2013	Unaccounted Water Losses	<u>2,974,951</u>	<u>9.52</u>	<u>28,321,534</u>
30 June 2012	Unaccounted Water Losses	<u>2,185,042</u>	<u>6.76</u>	<u>14,770,884</u>

Water Losses occur due to *inter alia*, leakages of reservoirs and leakages in the reticulation network, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

	2013 R	2012 R
Volumes in KI/year:		
System Input Volume	4,935,215	4,693,445
Billed Consumption	1,960,264	2,508,403
Distribution Loss	2,974,951	2,185,042
Percentage Distribution Loss	<u>60.28%</u>	<u>46.56%</u>

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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42 COMMITMENTS FOR EXPENDITURE

42.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	9,596,730	10,131,772
<i>Infrastructure</i>	9,596,730	10,131,772
- Approved but Not Yet Contracted for:-	4,713,172	-
<i>Infrastructure</i>	4,713,172	-
Total Capital Commitments	<u>14,309,902</u>	<u>10,131,772</u>
This expenditure will be financed from:		
Government Grants	14,309,902	10,131,772
	<u>14,309,902</u>	<u>10,131,772</u>

42.2 Other Commitments

The municipality has entered into a contract with Kgomongwe Security Services during 2012/13 for the transport of cash from the various municipal cash points to the bank for a 3 year period, which will give rise to a monthly charge of R34 220 escalating 10% per year. The contract expires March 2016.

The municipality has entered into a contract with Ikgodiseng Business Consulting during 2012/13 for the provision of security services at identified municipal properties, which will give rise to a monthly charge of R260 300. The contract terminates August 2015.

The municipality entered into a contract with Bothata Trading & Projects (Pty) Ltd during 2012/13 for the provision of cleaning services at the main building, workshop and traffic department, which will give rise to a monthly charge of R18 250. The contract terminates June 2014.

The municipality has entered into a contract with Uhuru Environmental JV during 2012/13 to manage and maintain the landfill site of the municipality which will give rise to a monthly charge of R250 800. The contract terminates November 2013.

43 FINANCIAL INSTRUMENTS

43.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

	Financial Assets	Classification	
Long-term Receivables			
Debtors Capitalised Loans	Amortised cost		-
Housing Loans	Amortised cost	251,086	279,406
Debtors with arrangements	Amortised cost	451,687	9,885
Receivables from Exchange Transactions			
Services and other receivables	Amortised cost	13,975,252	12,231,872
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	2,742,093	2,344,941
Payments made in Advance	Amortised cost	251,275	30,824
Sales of stands	Amortised cost	400,061	506,456
Sundry Debtors	Amortised cost	51,559	95,722
Other Sundry Debtors	Amortised cost	1,324,718	1,173,219
Cash and Cash Equivalents			
Call Deposits	Fair value	13,103,626	17,038,737
Bank Balances	Fair value	5,059,860	-
Cash Floats and Advances	Fair value	6,520	6,520
		<u>37,617,737</u>	<u>33,717,583</u>

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Long-term Receivables	Housing Loans	251,086	279,406
Debtors with arrangements	Amortised cost	451,687	9,885
Services and other receivables	Amortised cost	13,975,252	12,231,872
Receivables from Non-exchange Transactions	Assessment Rates Debtors	2,742,093	2,344,941
Receivables from Non-exchange Transactions	Payments made in Advance	251,275	30,824
Receivables from Non-exchange Transactions	Meter Readings not Billed	-	-
Receivables from Non-exchange Transactions	Municipal Entities	-	-
Receivables from Non-exchange Transactions	Recoverable Works	-	-
Receivables from Non-exchange Transactions	Sundry Deposits	400,061	506,456
Receivables from Non-exchange Transactions	Sundry Debtors	51,559	95,722
Receivables from Non-exchange Transactions	Suspense Accounts	1,324,718	1,173,219
		<u>19,447,731</u>	<u>16,672,326</u>
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Call Deposits	13,103,626	17,038,737
Cash and Cash Equivalents	Bank Balances	5,059,860	-
Cash and Cash Equivalents	Cash Floats and Advances	6,520	6,520
		<u>18,170,006</u>	<u>17,045,257</u>
Total Financial Assets		<u>37,617,737</u>	<u>33,717,583</u>
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
	<u>Financial Liabilities</u>	<u>Classification</u>	
Long-term Liabilities			
Annuity Loans	Amortised cost	26,209,548	27,455,406
Finance Lease Liabilities	Amortised cost	1,469,663	1,481,369
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	7,283,702	5,863,920
Retention	Amortised cost	4,685,605	3,645,490
Other Creditors	Amortised cost	824,264	852,496
Payables from Non-exchange Transactions			
Payments Received In Advance	Amortised cost	5,786,181	2,102,848
Staff Bonuses	Amortised cost	1,195,209	1,738,660
Staff Leave	Amortised cost	1,942,390	1,318,979
Suspense Accounts	Amortised cost	5,408	5,408
Creditors- CLL Mosegedi		596,413	-
Bank Overdraft			
Bank Overdraft	Fair value	-	181,378
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	2,112,523	1,862,902
Finance Lease Liabilities	Amortised cost	621,189	435,545
		<u>52,732,093</u>	<u>46,944,402</u>

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
SUMMARY OF FINANCIAL LIABILITIES		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	Annuity Loans	26,209,548
Long-term Liabilities	Finance Lease Liabilities	1,469,663
Payables from Exchange Transactions	Trade Creditors	7,283,702
Payables from Exchange Transactions	Retentions	4,685,605
Payables from Exchange Transactions	Other Creditors	824,264
Payables from Non-exchange Transactions	Staff Bonuses	5,786,181
Payables from Non-exchange Transactions	Staff Leave Accrued	1,195,209
Payables from Non-exchange Transactions	Staff Salaries	1,942,390
Payables from Non-exchange Transactions	Suspense Accounts	5,408
Current Portion of Long-term Liabilities	Creditors- CLL Mosegedi	596,413
Current Portion of Long-term Liabilities	Annuity Loans	2,112,523
	Finance Lease Liabilities	621,189
	<u>52,732,093</u>	<u>46,763,024</u>
Bank Overdraft	Bank Overdraft	-
		181,378
Total Financial Liabilities	<u>52,732,093</u>	<u>46,944,402</u>

43.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2013, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2013

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	13,103,626	-	13,103,626
Bank Balances and Cash	-	5,066,380	-	5,066,380
Total Financial Assets	—	18,170,006	—	18,170,006

FINANCIAL LIABILITIES

Financial Instruments at Fair Value:

Total Financial Liabilities	—	—	—	—
Total Financial Instruments	—	18,170,006	—	18,170,006

30 June 2012

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call Deposits	-	17,038,737	-	17,038,737
Bank Balances and Cash	-	6,520	-	6,520
Total Financial Assets	—	17,045,257	—	17,045,257
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Bank Overdraft	-	181,378	-	181,378
Total Financial Liabilities	—	181,378	—	181,378
Total Financial Instruments	—	16,863,878	—	16,863,878

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

43.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2012.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Accumulated Surplus as disclosed in and the Statement of Changes in Net Assets.

Gearing Ratio

The gearing ratio at the year-end was as follows:

Debt	30,412,923	31,235,222
Net Debt	<u>30,412,923</u>	<u>31,235,222</u>
Equity	<u>938,076,924</u>	<u>934,282,291</u>
Net debt to equity ratio	<u>3.24%</u>	<u>3.34%</u>

Debt is defined as Long- and Short-term Liabilities.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

43.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

34.5 Further quantitative disclosures are included throughout these Annual Financial Statements.

43.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 51.8 and 51.9 to the Annual Financial Statements.

43.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

43.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

43.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013	2012
R	R

43.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an on-going basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an on-going customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Counterparty and Location	30 June 2013		30 June 2012	
	Credit Limit	Carrying Amount	Credit Limit	Carrying Amount
	R	R	R	R
PROVINCIAL DEPT OF PUBLIC WORKS	-	1,772,882	-	2,202,174
NORTH WEST DEVELOPMENT CORPORATION	-	918,983	-	792,772
PROVINCIAL ADMINISTRATION - NEW HOSPITAL	-	709,528	-	-
DEPARTEMENT OPENBARE WERKE	-	-	-	301,803
BANKHARA HIGH SCHOOL	-	-	-	230,282
TRANSNET PROPERTIES	-	596,286	-	223,353
ROUX D S & S		573,030		-
			2013	2012
			R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as				
Long-term Receivables		702,774	289,291	
Receivables from exchanges transactions		13,975,252	12,231,872	
Receivables from on - exchanges transactions		4,769,705	4,151,163	
Bank, Cash and Cash Equivalents		18,170,006	16,863,878	
Maximum Credit and Interest Risk Exposure		37,617,737	33,536,205	
<hr/>				
Bank and Cash Balances				
ABSA Bank Ltd		18,163,486	16,857,358	
Cash Equivalents		6,520	6,520	
Total Bank and Cash Balances		18,170,006	16,863,878	

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43 FINANCIAL INSTRUMENTS (Continued)

43.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative **financial liabilities**. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate %	Total R	6 Months or less R	6 - 12 Months R	1 - 2 Years R	2 - 5 Years R	More than 5 Years R
30 June 2013								
Non-interest Bearing			22,169,826	22,169,826	-	-	-	-
- Payables from Exchange transactions			12,644,226	12,644,226	-	-	-	-
- Payables from Non-exchange transactions			9,525,600	9,525,600	-	-	-	-
Variable Interest Rate Instruments			2,516,230	409,483	414,993	826,145	865,608	-
Finanace Lease Liabilities <i>Photocopy machines & PABX system:</i>			115,093	21,897	23,338	48,854	21,004	-
Xerox WC5790-CP Digital Copier			115,093	21,897	23,338	48,854	21,004	-
Xerox WC5790-CP Digital Copier			296,580	33,771	35,460	76,154	151,195	-
Xerox 4112 CP Pro Digital Copier			67,426	11,017	11,568	24,844	19,997	-
Xerox WC5745-CS Digital Copier			111,899	25,325	25,715	56,144	4,714	-
Xerox C5665 Digital Copier			401,016	100,254	100,254	200,508	-	-
Siemens PABX			77,829	8,424	8,424	18,196	42,785	-
Xerox WC7125 Copier (Kur)			77,829	8,424	8,424	18,196	42,785	-
Xerox WC7125 Copier (Mothibi)			70,645	7,646	7,646	16,516	38,836	-
Xerox WC7120 Copier (Wville)			70,645	7,646	7,646	16,516	38,836	-
Xerox WC7120 Copier (Batlahros)			24,589	2,728	2,728	5,893	13,239	-
Vehicles:			486,584	63,468	63,468	126,935	232,714	-
ABSA Loan - Audi A6 2.00 Sedan			524,700	71,550	71,550	143,100	238,500	-
ABSA Loan - Discovery 4.3 TD V6 SE			38,151	12,717	12,717	12,717	-	-
ABSA Loan - Opel Corsa 1.4P/U S/C			38,151	12,717	12,717	12,717	-	-
Fixed Interest Rate Instruments			28,322,070	1,534,434	1,533,873	2,953,516	8,519,956	13,780,291
DBSA-11099/102		15.00%	4,385,507	438,311	438,311	876,621	2,632,265	-
DBSA-13511/202		8.67%	346,474	115,176	115,176	116,122	-	-
DBSA-13891/201		9.42%	1,635,941	96,123	96,123	192,247	577,267	674,180
DBSA-100234/1		11.5%	3,357,981	159,758	159,758	319,516	959,423	1,759,526
DBSA-101738/2		9.34%	5,667,593	235,988	235,988	471,976	1,417,222	3,306,419
DBSA-102274/2		8.463%	9,866,675	379,248	379,248	758,495	2,277,564	6,072,120
DBSA-102568/1		5.00%	561	561	-	-	-	-
DBSA-102568/2		5.00%	3,061,338	109,269	109,269	218,539	656,215	1,968,046
			53,008,126	24,113,743	1,948,866	3,779,661	9,385,564	13,780,291

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43 FINANCIAL INSTRUMENTS (Continued)
30 June 2012

Non-interest Bearing		15,428,316	15,428,316	-	-	-	-
- Payables from Exchange transactions		10,262,421	10,262,421	-	-	-	-
- Payables from Non Exchange transactions		5,165,895	5,165,895	-	-	-	-
Variable Interest Rate Instruments		2,497,653	482,958	306,586	627,803	1,080,306	-
- Bank Overdraft		181,378	181,378	-	-	-	-
Finance Lease Liabilities							
<i>Photocopy machines & PABX system:</i>							
Xerox WC5790-CP Digital Copier		156,977	20,275	21,609	45,235	69,858	-
Xerox WC5790-CP Digital Copier		156,977	20,275	21,609	45,235	69,858	-
Xerox 4112 CP Pro Digital Copier		359,518	30,701	32,236	69,231	227,349	-
Xerox WC5745.CS Digital Copier		87,959	10,016	10,517	22,586	44,841	-
Xerox C5665 Digital Copier		158,299	23,023	23,377	51,040	60,859	-
Siemens PABX		601,524	100,254	100,254	200,508	200,508	-
<i>Vehicles:</i>							
ABSA Loan - Discovery 4.3 TD V6 SE		667,800	71,550	71,550	143,100	381,600	-
ABSA Loan - Opel Corsa 1.4P/U S/C		63,610	12,742	12,717	25,434	12,717	-
ABSA Loan - Opel Corsa 1.4P/U S/C		63,610	12,742	12,717	25,434	12,717	-
Fixed Interest Rate Instruments		29,318,307	952,995	952,995	3,002,841	8,433,592	15,975,884
DBSA-11099/102	15.00%	4,942,059	278,276	278,276	876,621	2,629,863	879,023
DBSA-13511/202	8.67%	577,456	115,491	115,491	230,352	116,122	-
DBSA-13891/201	9.42%	1,828,405	96,232	96,232	192,247	576,740	866,954
DBSA-100234/1	11.5%	3,516,982	79,501	79,501	319,516	958,548	2,079,917
DBSA-101738/2	9.34%	5,916,124	124,266	124,266	471,976	1,415,928	3,779,688
DBSA-102274/2	8.463%	10,271,961	202,643	202,643	758,495	2,275,486	6,832,693
DBSA-102568/1	5.00%	-	-	-	-	-	-
DBSA-102568/2	5.00%	2,265,320	56,587	56,587	153,635	460,904	1,537,608
		47,244,275	16,864,268	1,259,581	3,630,644	9,513,898	15,975,884

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43 FINANCIAL INSTRUMENTS (Continued)

The following table details the municipality's expected maturity for its non-derivative **financial assets**. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
		%	R	R	R	R	R	R
30 June 2013								
Non-interest Bearing		0.00%						
- Long-term Receivables			19,454,250	19,454,250	-	-	-	-
- Trade Receivables from Exchange Transactions			702,773	702,773	-	-	-	-
- Trade Receivables from Non-exchange Transactions			13,975,252	13,975,252	-	-	-	-
- Cash and Cash Equivalents			4,769,705	4,769,705	-	-	-	-
			6,520	6,520	-	-	-	-
			-	-	-	-	-	-
Variable Interest Rate Instruments		0.00%						
- Call Deposits			18,163,486	18,163,486	-	-	-	-
- Bank Account			13,103,626	13,103,626	-	-	-	-
			5,059,860	5,059,860	-	-	-	-
			-	-	-	-	-	-
			37,617,737	37,617,737	-	-	-	-
30 June 2012								
Non-interest Bearing		0.00%						
- Long-term Receivables			16,678,846	16,678,846	-	-	-	-
- Trade Receivables from Exchange Transactions			289,291	289,291	-	-	-	-
- Trade Receivables from Non-exchange Transactions			12,231,872	12,231,872	-	-	-	-
- Cash and Cash Equivalents			4,151,163	4,151,163	-	-	-	-
			6,520	6,520	-	-	-	-
			-	-	-	-	-	-
Variable Interest Rate Instruments								
- Call Deposits			17,038,737	17,038,737	-	-	-	-
			17,038,737	17,038,737	-	-	-	-
			-	-	-	-	-	-
			33,717,583	33,717,583	-	-	-	-

43.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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44 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R 5,308,109.18 (30 June 2012: R 4,030,642) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED CONTRIBUTION SCHEMES

Cape Retirement Fund for Local Government:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R 10,775,599 million, with funding levels of 99.9% and 108.0% for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future. The fund is certified to be in a sound financial position as at 30 June 2012.

Municipal Councillors Pension Fund:

The scheme is subject to an actuarial valuation every three years. The last statutory valuation was performed as at 30 June 2009. The latest interim valuation was performed as at 30 June 2010.

The interim valuation performed as at 30 June 2010 revealed that the assets of the fund amounted to R 1,483,786,381 (30 June 2009: R1,123,672,020). The contribution rate paid by the members (9%) and the municipalities (18.00%) is sufficient to fund the benefits accruing from the fund in the future. The fund is certified to be in a sound financial position as at 30 June 2010.

Municipal Employees Pension Fund

The scheme is subject to an actuarial valuation every three years. The last statutory valuation was performed as at 28 February 2011.

The valuation performed as at 28 February 2011 revealed that the assets of the fund amounted to R 7,544 million (28 February 2008: R 5,715 million) with funding levels of 107.9% (28 February 2008: 108.2%). The contribution rate paid by the members (7.5%) and the municipalities (15.00%) is sufficient to fund the benefits accruing from the fund in the future. The fund is certified to be financially sound as at 28 February 2011 in the sense that it has enough assets to meet its past service liabilities, and that the surplus in the Fund exceeds the shortfall in the future service contribution rate till the next triennial valuation date.

None of the above mentioned plans are State Plans.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

45 RELATED PARTY TRANSACTIONS

45.1 Related party relationship

Councillors		WARD / PROPORTIONAL
Byleveld	F.P.	1
Leberegane	M.C.	2
Morogong	N.G.	3
Mogatle	P.Q.	4
Disipi	N.G.	5
Tlholonyane	T.T.	6
Polelo	M.J.	7
Lekgetho	T.H.	8
Rapelang	L.C.	9
Dichabé	M.J.	10
Meyers	T.E.	11
Motingwe	L.S.	12
Rayn	S.M.	13
Anthony	T.G.	Proportional
Motlatši	B.A.	Proportional
Keikabile	K.A.	Proportional
Madikiza	K.B.	Proportional
Thupaemang	N.G.	Proportional
Bloem	N.S.	Proportional
Makwati	K.R.	Proportional
Modise	B.E.	Proportional
Bles	K.	Proportional
Brink	M.A.P.	Proportional
Assegaii	G.C.	Proportional
Molelekwa	R.R.	Proportional

Managers:

Ntefang	G.E.	Municipal Manager
Semana	M.I	Chief Financial Officer
Tsatsimpe	M.R.	Corporate Admin Manager
Govu	L.	Technical Manager
Sampson	P.J.	Manager Community Services

45.2 Interest of Related Parties

Councillors and/or management of the municipality have relationships with businesses as indicated below:

Designation	Initials	Surname	Entity
Speaker	T.E.	Meyers	Kenosi Construction (Director - 50% interest) Morallane Construction (Director - 50% interest) E.K.C. Cleaners (Director - 30% interest)
Councillor	F.P.	Byleveld	Segopa Butchery
Councillor	P.Q.	Mogatle	Bomme-Sejo Services and Supply Co-Operative Limited Pulané Mogatle Trading Enterprise
Councillor	M.J.	Polelo	Baboloki Ba Setshaba Bakery
Councillor	M.J.	Dichabé	Reaiteka Youth Construction Tshela Thupa Event Management
Councillor	K.B.	Madikiza	Bathlaros Sound Hire Tlotlanang Catering Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	N.G.	Thupaemang	Mseko Enterprise and Projects
Councillor	N.S.	Bloem	Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	B.E.	Modise	Bomme-Sejo Services and Supply Co-Operative Limited
Councillor	G.C.	Assegaii	Bomme-Sejo Services and Supply Co-Operative Limited Gadikgadi
Municipal Manager	G.E.	Ntefang	Gasegonyané Mining Investment Mediro Peo Holdings
Corporate Admin Manager	M.R.	Tsatsimpe	Kurara FM Radio Station
Manager Community Services	P.J.	Sampson	Mimoisa Business Solution

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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45.3 Services rendered to Related Parties

During the year the municipality rendered services to the following parties that are related to the municipality as indicated:

	Rates	Service charges	Other	Outstanding
Year ended 30 June 2013				
Councillors and Key Management personnel	<u>5,630</u>	<u>33,268</u>	<u>8,753</u>	<u>48,235</u>
<u>Councillors:</u>				
Anthony	T.G	-	6	80
Meyers	T.E	-	418	210
Byleveld	F.P	4,996	17,889	14,505
Keikabile	K.A	-	306	5,767
Brink	M.A.P	601	13,505	18,053
Mogatle	P.Q	-	8,002	8,002
Rayn	S.M	33	-	-
		<u>5,630</u>	<u>31,394</u>	<u>8,732</u>
				<u>46,616</u>
<u>Managers:</u>				
Manager Community Services	Sampson	P.J	1,873	1,373
Corporate Admin Manager	Tsatsimpe	M.M	-	245
			<u>1,873</u>	<u>21</u>
				<u>1,618</u>

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public.

	Rates	Service charges	Other	Outstanding balances
Year ended 30 June 2012				
Councillors and Key Management personnel	<u>8,106</u>	<u>31,503</u>	<u>6,616</u>	<u>44,207</u>
<u>Councillors:</u>				
Anthony	T.G	-	174	74
Meyers	T.E	-	981	4,707
Byleveld	F.P	4,453	16,641	9,474
Keikabile	K.A	-	5,461	5,461
Brink	M.A.P	599	9,438	15,989
Mogatle	P.Q	-	-	8,002
Rayn	S.M	16	-	-
		<u>5,067</u>	<u>26,079</u>	<u>6,616</u>
				<u>43,708</u>
<u>Managers:</u>				
Manager Community Services	Maape	P	3,039	499
			<u>3,039</u>	<u>5,424</u>
				<u>499</u>

45.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

Remuneration of the family of councillors and key management personnel that are employed at the municipality:

	Councillor / Manager	Name	Family Member	Department	Relationship	Remuneration R
Councillor		T.E. Meyers	R.M. Meyers	Community	Wife	140,731
Councillor		P.Q. Mogatle	B. Thankane	Community	Cousin	60,000
Councillor		T.H. Lekgetho	P. Ndlambe	Technical	Step father	72,443
Councillor		S.M. Rayn	N. Rayn	Community	Husband	72,443
Councillor		B.E. Modise	T. Modise	Community	Child	182,668
Councillor		N.G. Thupaemang	G. Sibi	Technical Services	Daughter	108,000
Councillor		M.A. Brink	D. Eilerd	Technical Services	Cousin	237,113
Councillor		L.C. Rapelang	D. Baepi	Community	Brother	166,141

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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45.5 Purchases from Related Parties

Transactions with councillors, key management personnel and close family members

The municipality traded with the following companies and individuals, which are considered to be Related Parties:

Company	Municipal Capacity	Name	Amount of award R
Segopa Butchery	Councillor	F.P. Byleveld	1198
Tshela Thupa Event Management	Councillor	M.J. Dichabe	2500
Kurara FM Radio Station	Corporate Admin Manager	M.R. Tsatsimpe	54090
			<hr/> <hr/>
			57788

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

46 CONTINGENT LIABILITIES

46.1 Guarantees:

None

46.2 Court Proceedings:

(i) Claim for breach of contract

The plaintiff, Tresspass Security, claims R2 557 551 (2011/12: R2 557 551) together with interest and costs for breach of contract for not awarding them the security contract. The matter has been defended. Plaintiff has employed dilatory tactics by not committing to the trial date and a cost order for wasted costs was obtained against the plaintiff. The matter is still outstanding and to date there is not an application for a pre-trial conference nor has the new trial date been set. Legal costs is estimated at R380 000 (2011/12: R350 000).

(ii) Two-fold litigation matter against the municipality namely:

(a) Peyer Sesele attorneys was appointed to assist the municipality in converting the Deeds of grant into full-title deeds at Mothibistad. This project, as agreed with the firm of attorneys, was paid by the Cooperative Governance Human Settlement Traditional Affairs in accordance with the department's tariffs. The mandate of the firm was terminated when they failed to successfully convert the Deeds of Grant to the satisfaction of the Office of the Surveyor-General. The firm was paid R145 000 by the Department for their effort. The firm are now demanding payment of R2 000 000 (2011/12: R2 000 000) from the municipality claiming its fees on work done and time spent. The municipality is opposing the claim and defended the matter at the Northern Cape High Court. Plea has been served and a trial date is awaiting. The firm has proposed a settlement but the offer of settlement is exorbitant and the municipality has rejected it. In the absence of a reasonable offer, the matter goes to trial.

(b) Peyer Sesele attorneys was given a mandate to obtain an interdict for the municipality against a group of community who illegally occupied land belonging to the municipality. Council later withdrew the mandate after the firm had twice failed to successfully obtain the interdict. The firm has been paid a total sum of R1 200 000 for its effort but has now issued summons demanding payment of R22 000 000. The amount has been rejected by the municipality as ridiculously high and unreasonable. The municipality has defended the matter at the Magistrates court in Kuruman. Settlement has been proposed but again the firm has come with an unreasonable offer.

Legal costs amounts to R350 000 (2011/12: R250 000) for the aforementioned two cases.

(iii) Case launched with the Northern Cape High Court

The Applicant, Leungo, launched a case with the Northern Cape High Court against the municipality when the municipality appointed Bigen Africa as consultants for the construction of the Galowe 5223 Intergrated Housing project. Leungo is alleging that they were appointed initially to handle the project and therefore intending to obtain an interdict against the proceedings with the construction of the houses. The matter has been opposed and the applicant has not yet set the matter down for hearing. Legal costs in this matter are estimated at R240 000.

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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Other:

Summons received - demanding payment

The Plaintiff, TEB Properties, issued a summons against the municipality demanding payment of R2 428 254 (2011/12: R2 428 254) for the purchase price of the erf and improvements made and R100 000 (2011/12: R300 000) legal costs. Both parties agreed to settle the matter out of Court and the municipality has made an offer of settlement to TEB Properties for the total amount of R4 500 000, which amount include the initial amount claimed by the plaintiff plus interest. The settlement came about after the erf was placed on a competitive bid process. The proceeds from the sale would off-set the settlement amount. The payment has yet to be made pending the registration and transfer of the property from the municipality to the successful bidder.

46.3 Insurance Claims:	99,516
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(i) Alleged Damages Incurred:	99,516
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Claims lodged against the municipality for alleged damages caused by incidents of which the municipality should take ownership, have been referred to the municipality's insurers.

47 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

47.1 Insurance Claims:	445,215
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(i) Lost / Damaged Assets:	445,215
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The municipality has claims outstanding against its Insurers for lost and/or damaged assets. Management believes that it is probable that the claims will be successful and that compensation of R445 215 (2011/12: R Nil) will be recovered.

47.2 Court Proceedings:	-
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None

48 IN-KIND DONATIONS AND ASSISTANCE

The municipality received from the Department of Environmental Affairs the following assets as donations.

The assets was categorised in the following classes:

Buildings	800,000	-
Computer Equipment:	16,500	-
Furniture and Fittings:	32,700	-
Motor Vehicles:	1,192,000	-
Office Equipment:	29,800	-
Plant and Equipment:	132,500	-
Sub-total	2,203,500	-
Projects:		
Bankara and Magojaneng Foodgardens, upgrading of ablution blocks and other control list items	890,250	-
Total	3,093,750	-

49 EVENTS AFTER THE REPORTING DATE

49.1 Court Summons:

As mentioned under contingent liabilities (note 46), the Plaintiff, TEB Properties, issued a summons against the municipality regarding erf 489 and both parties agreed to settle the matter out of Court. A settlement amount of R4, 250, 000 was agreed upon by both parties as final settlement but no payment has been made in this regard due to administration processes that must still be finalised. On 22 August 2013 the municipality received a court order for Kimberly High Court to pay TEB Properties (Pty) plus 15.5% interest per annum from 01 October 2012 to date of final payment and legal cost in this regard.

50 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 37) and Prior Period Errors (Note 38).

GA-SEGONYANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
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51 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) On 31 May 2013 the Council adopted the 2013/14 to 2015/16 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

Refer to Chief Financial Officers report paragraaf 2.1 for financial statement ratios

APPENDIX A
Ga-Segonyana Local Municipality
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2012	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2013
ANNUITY LOANS	R			R	R	R	R	R
DBSA	7,970,566	15.00%	11099/102	30/06/2018	4,942,059	-	556,552	4,385,507
DBSA	3,603,328	8.67%	13511/202	31/12/2014	577,456	-	230,982	346,474
DBSA	3,849,273	9.42%	13891/201	31/12/2021	1,828,405	-	192,464	1,635,941
DBSA	4,341,243	11.5%	100234/1	31/12/2023	3,516,982	-	159,001	3,357,981
DBSA	7,215,347	9.34%	101738/2	30/06/2025	5,916,124	-	248,531	5,667,593
DBSA	12,109,500	8.463%	102274/2	30/06/2026	10,271,961	-	405,286	9,866,675
DBSA	4,402,029	5.00%	102568/1	30/06/2012	-	561	-	561
DBSA	2,605,549	5.00%	102568/2	30/06/2027	2,265,320	909,192	113,174	3,061,338
Total Annuity Loans	46,096,835				29,318,307	909,753	1,905,990	28,322,070
CAPITAL LEASE LIABILITIES								
<i>Photocopy machines & PABX system:</i>								
Xerox WC5790-CP Digital Copier	172,138		3644107077	25/11/2015	133,827	-	31,066	102,762
Xerox WC5790-CP Digital Copier	172,138			25/11/2015	133,827	-	31,066	102,762
Xerox 4112 CP Pro Digital Copier	295,887			01/03/2017	287,128	-	38,612	248,517
Xerox WC5745.CS Digital Copier	87,753		3643614021	02/03/2016	73,704	-	14,469	59,235
Xerox C5665 Digital Copier	173,000		2233513841	02/03/2016	130,788	-	32,494	98,293
Siemens PABX	750,000		DE00170909	30/06/2015	502,577	-	147,859	354,718
Xerox WC7125 Copier (Kur)	55,730		3323092809	01/08/2017	-	55,730	4,241	51,489
Xerox WC7125 Copier (Mothibi)	55,730		3323094097	01/08/2017	-	55,730	4,241	51,489
Xerox WC7120 Copier (Wville)	49,465		3323094267	01/08/2017	-	49,465	3,597	45,868
Xerox WC7120 Copier (Battahros)	49,465		3323094127	01/08/2017	-	49,465	3,597	45,868
Xerox WC3550 Fax	10,130			30/06/2015	-	10,130	6	10,124
<i>Vehicles:</i>								
ABSA Loan - Audi A6 2.00 Sedan	417,105		83830226	01/04/2017		417,105	12,461	404,644
ABSA Loan - Discovery 4.3 TD V6 SE	570,363		82025656	01/02/2017	540,868	-	97,199	443,668
ABSA Loan - Opel Corsa 1.4P/U S/C	101,430		79000448	01/12/2014	57,097	-	21,390	35,707
ABSA Loan - Opel Corsa 1.4P/U S/C	101,430		79001690	01/12/2014	57,097	-	21,390	35,707
Total Capital Lease Liabilities	1,871,436				1,916,914	637,625	463,687	2,090,852
TOTAL EXTERNAL LOANS	47,968,271				31,235,221	1,547,378	2,369,677	30,412,922

APPENDIX B
GA-SEGONYANA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Closing Balance	
Land and Buildings	R			R	R	R	R	R			R	R	R
Land:	44,330,900	(16,254,000)	28,076,900				28,076,900						28,076,900
Buildings:	15,372,264	-	15,372,264	1,733,708			17,105,972	294,708		294,708	80,743	375,451	16,730,521
	59,703,164	(16,254,000)	43,449,164	1,733,708	-	-	45,182,872	294,708	-	294,708	80,743	375,451	44,807,421
Infrastructure													
Electricity	326,080,823	1,228,328.00	327,309,151	7,735,751.00			335,044,902	57,222,566	16,429	57,238,995	14,005,385	71,244,381	263,800,521
Roads	210,450,781	-	210,450,781				210,450,781	38,564,698		38,564,698	7,714,341	46,279,039	164,171,742
Sanitation	85,882,962	7,087,706	92,970,668				92,727,010	13,929,835	-1	13,929,834	2,832,957	16,762,791	75,964,219
Storm Water	69,241,574	-	69,241,574				69,241,574	15,952,933		15,952,933	3,190,587	19,143,519	50,098,054
Water	374,456,852	-	374,456,852	4,708,984.00	46,813,753.00		425,979,589	54,733,337		54,733,337	21,813,666	76,547,003	349,432,586
	1,066,112,992	8,316,034	1,074,429,026	12,444,735	46,813,753	243,658	1,133,443,856	180,403,369	16,428	180,419,797	49,556,936	229,976,733	903,467,123
Leased Assets													
Motor Cars	1,341,000	-	1,341,000				1,341,000	553,272		553,272	-	553,272	787,728
Other	685,548	159,275	844,823				844,823	347,255		347,255		347,255	497,568
	2,026,548	159,275	2,185,823	-	-	-	2,185,823	900,527	-	900,527	-	900,527	1,285,296
Other Assets													
Office Equipment	5,349,395	209,514	5,558,909	1,865,642			7,424,551	4,305,933	119,723	4,425,656	534,058	4,959,714	2,464,837
Furniture & Fittings	6,066,310	63,832	6,130,143	124,758	-	-	6,254,901	4,739,682	36,476	4,776,158	387,448	5,163,606	1,091,295
Emergency Equipment	119,105	-	119,105	-	-	-	119,105	60,337	-	60,337	10,651	70,988	48,117
Motor Vehicles	15,104,882	-	15,104,882	1,643,994			16,748,876	8,791,435	-1	8,791,434	1,565,428	10,356,862	6,392,014
Plant and Equipment	8,406,668	21,954	8,428,622	759,941			9,188,563	5,863,214	12,544	5,875,758	883,227	6,758,985	2,429,578
Household Refuse Bins	315,875	-	315,875	-	-	-	315,875	280,076	-	280,076	19,761	299,837	16,038
WaterCraft	1,185	-	1,185	-	-	-	1,185	783	-	783	60	843	342
	35,363,421	295,300	35,658,721	4,394,335	-	-	40,053,055	24,041,460	168,742	24,210,201	3,400,633	27,610,835	12,442,221
Total	1,163,206,125	(7,483,391)	1,155,722,734	18,572,778	46,813,753	243,658	1,220,865,607	205,640,064	185,170	205,825,233	53,038,312	258,863,546	962,002,061

Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Closing Balance	
Intangible Assets	R			R	R	R	R	R			R	R	R
Intangible Assets	1,996,499	-	1,996,499	39,058	-	-	2,035,557	1,903,011	-	1,903,011	44,045	1,947,056	88,501
	1,996,499	-	1,996,499	39,058	-	-	2,035,557	1,903,011	-	1,903,011	44,045	1,947,056	88,501
Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
Description	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Closing Balance	
Investment Property	R			R	R	R	R	R			R	R	R
Investment Property	1,686,000	(982,000)	704,000	-	-	-	704,000	84,300	(84,300)	-	-	0	704,000
	1,686,000	(982,000)	704,000	-	-	-	704,000	84,300	(84,300)	-	-	0	704,000
Description	Cost / Revaluation						Accumulated Depreciation / Impairment						Carrying Value
Description	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Correction of Opening Blances	Restated Opening Balance	Additions	Closing Balance	
Heritage Assets	R			R	R	R	R	R			R	R	R
Recreational parks and conservation areas	1,686,000	-	1,686,000	-	-	-	1,686,000	84,300	-	84,300	16,860	101,160	1,584,840
	1,686,000	-	1,686,000	-	-	-	1,686,000	84,300	-	84,300	16,860	101,160	1,584,840
Total Asset Register	1,168,574,624	-8,465,391	1,160,109,233	18,611,836	46,813,753	243,658	1,225,291,164	207,711,675	100,870	207,812,544	53,099,217	260,911,762	964,379,402

APPENDIX D
GA-SEGONYANA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)	Description	2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)
R	R	R		R	R	R
8,683,152	14,427,226	(5,744,074)	Executive and Council	9,401,839	14,849,843	(5,448,004)
22,093,700	21,959,070	134,630	Finance and Administration	22,421,090	30,537,528	(8,116,437)
36,220,983	38,189,599	(1,968,616)	Planning and Development	29,945,969	11,289,790	18,656,178
27,992	1,018,733	(990,742)	Health	23,169	527,202	(504,033)
(174,188)	5,654,703	(5,828,891)	Community and Social Services	1,162,044	6,512,580	(5,350,536)
-	-	-	Housing	-	4,360	(4,360)
8,081,260	14,201,570	(6,120,310)	Public Safety	8,940,120	18,990,961	(10,050,842)
1,717,428	7,536,218	(5,818,790)	Sport and Recreation	1,344,100	8,807,570	(7,463,469)
-	-	-	Environmental Protection	-	-	-
30,886,478	21,701,446	9,185,032	Waste Management	37,265,829	25,747,033	11,518,795
831,854	15,417,683	(14,585,829)	Roads and Transport	5,992,679	25,361,493	(19,368,814)
52,918,271	31,688,699	21,229,572	Water	68,626,874	46,974,528	21,652,346
90,519,336	72,362,534	18,156,802	Electricity	96,648,077	88,374,269	8,273,808
-	-	-	Other	-	-	-
251,806,266	244,157,481	7,648,785	Sub-Total	281,771,790	277,977,157	3,794,633
			Revenue Foregone			
251,806,266	244,157,481	7,648,785	Total	281,771,790	277,977,157	3,794,633

APPENDIX E (1)
GA-SEGONYANA MUNICIPALITY

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/13										2011/12 Restated Audited Outcome
	Original Total Budget	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
REVENUE - STANDARD	R	R	R	R	R	R	R	R	R	R	R
Governance and Administration:											
Executive and Council	9,631,329	9,631,329	-	-	9,631,329	9,401,839	-	(229,490)	97.62	97.62	8,683,152
Budget and Treasury Office	23,109,907	23,109,907	-	(398,699)	22,711,208	22,376,882	-	(334,326)	98.53	96.83	22,054,795
Corporate Services	88,636	88,636	-	(44,428)	44,208	44,208	-	-	100.00	49.88	38,905
Community and Public Safety:											
Community and Social Services	(89,651)	(89,651)	-	1,156,380	1,066,729	1,162,044	95,315	95,315	108.94	0.00	(174,188)
Sport and Recreation	841,143	841,143	-	644,907	1,486,050	1,344,100	-	(141,950)	90.45	159.79	1,717,428
Public Safety	4,939,482	4,939,482	-	1,332,865	6,272,347	8,940,120	2,667,773	2,667,773	142.53	180.99	8,081,260
Housing	-	-	-	-	-	-	-	-	0.00	0.00	-
Health	31,070	31,070	-	(7,950)	23,120	23,169	49	49	100.21	74.57	27,992
Economic and Environmental Services:											
Planning and Development	4,356,736	4,356,736	-	58,606,293	62,963,029	29,945,969	-	(33,017,060)	47.56	687.35	36,220,983
Road Transport	133,731	133,731	-	(1,520)	132,211	5,992,679	5,860,468	5,860,468	4,532.66	4,481.14	831,854
Environmental Protection	-	-	-	-	-	-	-	-	0.00	0.00	-
Trading Services:											
Electricity	26,033,606	26,033,606	-	65,752,832	91,786,438	96,648,077	4,861,639	4,861,639	105.30	371.24	90,519,336
Water	14,858,006	14,858,006	-	18,649,328	33,507,334	68,626,874	35,119,540	35,119,540	204.81	461.88	52,918,271
Waste Water Management	5,075,203	5,075,203	-	8,675,680	13,750,883	16,972,240	3,221,357	3,221,357	123.43	334.41	18,445,863
Waste Management	12,160,966	12,160,966	-	5,905,940	18,066,906	20,293,589	2,226,683	2,226,683	112.32	166.87	12,440,616
Total Revenue - Standard	101,170,164	101,170,164	-	160,271,628	261,441,792	281,771,790	54,052,824	20,329,999	107.78	278.51	251,806,266
EXPENDITURE - STANDARD											
Governance and Administration:											
Executive and Council	14,448,573	14,448,573	-	1,700,709	16,149,282	14,849,843	-	(1,299,439)	91.95	102.78	14,427,226
Budget and Treasury Office	13,848,657	13,848,657	-	13,414,706	27,263,363	28,970,081	1,706,718	1,706,718	106.26	209.19	19,989,285
Corporate Services	7,512,350	7,512,350	-	(5,645,629)	1,866,721	1,567,447	-	(299,274)	83.97	20.86	1,969,785
Community and Public Safety:											
Community and Social Services	(76,011,102)	(76,011,102)	-	82,879,261	6,868,159	6,512,580	-	(355,579)	94.82	0.00	5,654,703
Sport and Recreation	9,425,204	9,425,204	-	681,814	10,107,018	8,807,570	-	(1,299,448)	87.14	93.45	7,536,218
Public Safety	874,310	874,310	-	19,252,927	20,127,237	18,990,961	-	(1,136,276)	94.35	2,172.11	14,201,570
Housing	-	-	-	400	400	4,360	3,960	3,960	1,090.03	0.00	-
Health	1,220,780	1,220,780	-	(611,454)	609,326	527,202	-	(82,124)	86.52	43.19	1,018,733
Economic and Environmental Services:											
Planning and Development	8,603,177	8,603,177	-	37,182,363	45,785,540	11,289,790	-	(34,495,750)	24.66	131.23	38,189,599
Road Transport	10,459,152	10,459,152	-	2,374,561	12,833,713	25,361,493	12,527,780	12,527,780	197.62	242.48	15,417,683
Trading Services:											
Electricity	66,106,158	66,106,158	-	5,261,728	71,367,886	88,374,269	17,006,383	17,006,383	123.83	133.69	72,362,534
Water	25,799,119	25,799,119	-	7,293,214	33,092,333	46,974,528	13,882,195	13,882,195	141.95	182.08	31,688,699
Waste Water Management	5,255,072	5,255,072	-	420,333	5,675,405	12,260,477	6,585,072	6,585,072	216.03	233.31	10,881,154
Waste Management	8,524,170	8,524,170	-	3,812,705	12,336,875	13,486,556	1,149,681	1,149,681	109.32	158.22	10,820,293
Total Expenditure - Standard	96,065,620	96,065,620	-	168,017,638	264,083,258	277,977,157	52,861,789	13,893,899	105.26	289.36	244,157,481
Surplus/(Deficit) for the year	5,104,544	5,104,544	-	(7,746,010)	(2,641,466)	3,794,633	1,191,035	6,436,099	0.00	74.34	7,648,785

APPENDIX E (2)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/13									2011/12	
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
REVENUE BY VOTE											
Vote 1 - Corporate Services	9,494,245	-	9,494,245	420,724	9,914,969	9,761,125	-	(153,844)	98.45	102.81	9,038,473
Vote 2 - Financial Services	23,109,907	-	23,109,907	(398,699)	22,711,208	22,376,882	-	(334,326)	98.53	96.83	22,054,795
Vote 3 - Community Services	18,108,730	-	18,108,730	8,566,990	26,675,720	31,450,926	4,775,206	4,775,206	117.90	173.68	25,932,549
Vote 4 - Technical Services	50,457,282	-	50,457,282	151,682,613	202,139,895	218,182,857	16,042,962	16,042,962	107.94	432.41	194,780,449
Vote 5 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 6 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 7 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 8 -	-	-	-	-	-	-	-	-	0.00	0.00	
Total Revenue by Vote	101,170,164	-	101,170,164	160,271,628	261,441,792	281,771,790	20,818,169	20,329,999	107.78	278.51	251,806,266
EXPENDITURE BY VOTE											
Vote 1 - Corporate Services	22,492,653	-	22,492,653	2,872,452	25,365,105	23,278,107	-	(2,086,998)	91.77	103.49	21,242,848
Vote 2 - Financial Services	13,848,657	-	13,848,657	13,414,706	27,263,363	28,970,081	1,706,718	1,706,718	106.26	209.19	19,989,285
Vote 3 - Community Services	(56,498,368)	-	(56,498,368)	99,197,881	42,699,513	45,305,599	2,606,086	2,606,086	106.10	0.00	38,260,152
Vote 4 - Technical Services	116,222,678	-	116,222,678	52,532,599	168,755,277	180,423,370	11,668,093	11,668,093	106.91	155.24	164,665,197
Vote 5 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 6 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 7 -	-	-	-	-	-	-	-	-	0.00	0.00	
Vote 8 -	-	-	-	-	-	-	-	-	0.00	0.00	
Total Expenditure by Vote	96,065,620	-	96,065,620	168,017,638	264,083,258	277,977,157	15,980,897	13,893,899	105.26	289.36	244,157,481
Surplus/(Deficit) for the year	5,104,544	-	5,104,544	(7,746,010)	(2,641,466)	3,794,633	4,837,272	6,436,099	0.00	74.34	7,648,785

APPENDIX E (3)
GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/13										2011/12 Restated Audited Outcome
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Revenue by Source	R	R	R	R	R	R	R	R	R	R	R
Property Rates	18,905,470	-	18,905,470	-	(379)	18,905,091	16,889,433	-	(2,015,658)	89.34	89.34
Property Rates - Penalties & Collection Charges	-	-	-	-	-	-	-	-	-	0.00	0.00
Service Charges - Electricity	624,050	-	624,050	-	65,756,212	66,380,262	65,868,294	-	(511,968)	99.23	10,554.97
Service Charges - Water	105,000	-	105,000	-	12,298,370	12,403,370	13,787,943	-	1,384,573	111.16	13,131.37
Service Charges - Sanitation	5,420	-	5,420	-	8,732,150	8,737,570	8,783,786	-	46,216	100.53	162,062.48
Service Charges - Refuse	-	-	-	-	5,849,470	5,849,470	5,895,295	-	45,825	100.78	8,798,231
Service Charges - Other	-	-	-	-	-	-	-	-	-	0.00	0.00
Rental of Facilities and Equipment	974,866	-	974,866	-	491,057	1,465,923	1,265,072	-	(200,851)	86.30	129.77
Interest Earned - External Investments	-	-	-	-	483,550	483,550	1,714,060	-	1,230,510	354.47	0.00
Interest Earned - Outstanding Debtors	2,077,370	-	2,077,370	-	(881,320)	1,196,050	636,884	-	(559,166)	53.25	30.66
Dividends Received	-	-	-	-	-	-	-	-	-	0.00	0.00
Fines	(2,142,110)	-	(2,142,110)	-	4,404,936	2,262,826	4,814,028	-	2,551,202	212.74	0.00
Licences and Permits	7,651,760	-	7,651,760	-	(4,184,680)	3,467,080	3,418,722	-	(48,358)	98.61	44.68
Agency Services	-	-	-	-	-	-	-	-	-	0.00	0.00
Transfers Recognised - Operational	70,296,329	-	70,296,329	-	37,894,019	108,190,348	154,566,038	-	46,375,690	142.86	219.88
Other Revenue	2,672,009	-	2,672,009	-	29,428,242	32,100,251	3,084,527	-	(29,015,725)	9.61	115.44
Gains on Disposal of PPE	-	-	-	-	-	-	1,047,709	-	1,047,709	0.00	3,415,552
Total Revenue (excluding Capital Transfers & Contributions)	101,170,164	-	101,170,164	-	160,271,628	261,441,792	281,771,790	-	20,329,999	107.78	278.51
Expenditure											
Employee Related Costs	23,866,278	-	23,866,278	-	34,553,778	58,420,056	58,726,879	306,823	306,823	100.53	246.07
Remuneration of Councillors	6,204,903	-	6,204,903	-	165,200	6,370,103	6,418,885	48,782	48,782	100.77	103.45
Debt Impairment	-	-	-	-	-	-	-	-	-	0.00	0.00
Depreciation and Asset Impairment	14,489,760	-	14,489,760	-	23,300	14,513,060	62,912,828	48,399,768	48,399,768	433.49	434.19
Finance Charges	7,169,877	-	7,169,877	-	(33,047)	7,136,830	4,661,124	-	(2,475,706)	65.31	65.01
Bulk Purchases	49,401,335	-	49,401,335	-	4,027,625	53,428,960	53,340,094	-	(88,866)	99.83	107.97
Other Materials	14,009,660	-	14,009,660	-	8,665,684	22,675,344	21,069,350	-	(1,605,994)	92.92	150.39
Contracted Services	-	-	-	-	-	-	-	-	-	0.00	0.00
Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00
Other Expenditure	(19,076,193)	-	(19,076,193)	-	120,615,098	101,538,905	68,599,648	-	(32,939,257)	67.56	0.00
Loss on Disposal of PPE	-	-	-	-	-	-	2,248,349	2,248,349	2,248,349	0.00	73,350,542
Total Expenditure	96,065,620	-	96,065,620	-	168,017,638	264,083,258	277,977,157	51,003,722	13,893,899	105.26	289.36
Surplus/(Deficit)	5,104,544	-	5,104,544	-	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	0.00	74.34
Surplus/(Deficit) after Capital Transfers and	5,104,544	-	5,104,544	-	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	0.00	74.34
Surplus/(Deficit) for the Year	5,104,544	-	5,104,544	-	(7,746,010)	(2,641,466)	3,794,633	(51,003,722)	6,436,099	-	74.34
											-

GA-SEGONYANA MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2013

Description	2012/13								2011/12				
	Original Total Budget	Budget Adjustments	Final Adjustments	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
CAPITAL EXPENDITURE - VOTE	R	R	R	R	R	R	R	R	R	R	R	R	R
Multi-year Expenditure								0.00	0.00	-	-	-	-
Vote 1 - Executive and Council		-					-	0.00	0.00	-	-	-	-
Vote 2 - Corporate Services		-					-	0.00	0.00	-	-	-	-
Vote 3 - Finance Department		-					-	0.00	0.00	-	-	-	-
Vote 4 - Development Services		-					-	0.00	0.00	-	-	-	-
Vote 5 - Technical Services		-					(22,797,277)	0.00	0.00	-	-	-	-
Vote 6 - Community Services		-					-	0.00	0.00	-	-	-	-
Vote 7 - Municipal Traffic and Security		-					-	0.00	0.00	-	-	-	-
Vote 8 - Electrical		-					-	0.00	0.00	-	-	-	-
Total Capital Expenditure - Multi-year	22,797,277	-	22,797,277	22,797,277	-	-	(22,797,277)	0.00	0.00	-	-	-	-
Single-year Expenditure													
Vote 1 - Executive and Council		327,000	327,000	327,000			(327,000)	0.00	0.00	-	-	-	-
Vote 2 - Corporate Services	14,800	87,200	102,000	102,000	112,300		-	10,300	110.10	758.78	-	-	-
Vote 3 - Finance Department	10,000	-	10,000	10,000			(10,000)	0.00	0.00	-	-	-	-
Vote 4 - Development Services	1,994,144	7,990,000	9,984,144	9,984,144	1,839,639		(8,144,505)	18.43	92.25	-	-	-	-
Vote 5 - Technical Services	28,879,886	10,132,024	39,011,910	39,011,910	46,704,233		-	7,692,323	119.72	161.72	-	-	-
Vote 6 - Community Services	660,000	-	660,000	660,000			(660,000)	0.00	0.00	-	-	-	-
Vote 7 - Municipal Traffic and Security	1,010,500	1,000,000	2,010,500	2,010,500	815,937		(1,194,563)	40.58	80.75	-	-	-	-
Vote 8 - Electrical	64,493,442	250,000	64,743,442	64,743,442	6,054,752		(58,688,690)	9.35	9.39	-	-	-	-
Total Capital Expenditure - Single-year	97,062,772	19,786,224	116,848,996	116,848,996	55,526,861	-	(61,322,135)	47.52	57.21	-	-	-	-
Total Capital Expenditure - Vote	119,860,049	19,786,224	139,646,273	139,646,273	55,526,861	-	(84,119,412)	39.76	46.33	-	-	-	-
CAPITAL EXPENDITURE - STANDARD													
Governance and Administration:													
Executive and council	-	327,000	327,000	327,000			(327,000)	0.00	0.00	-	-	-	-
Budget and treasury office	10	112,188	112,198	10,000	112,300	102,300	-	102,300	1,123.00	1,123,000.00	-	-	-
Corporate services	15	87	87	102	102,300		(102,300)	0.00	0.00	-	-	-	-
Community and Public Safety:													
Community and social services	660,000	-	660,000	660,000			(660,000)	0.00	0.00	-	-	-	-
Sport and recreation	1,820,000	-	1,820,000	1,820,000	36,200		(1,783,800)	1.99	1.99	-	-	-	-
Public safety	1,010,500	1,000,000	2,010,500	2,010,500	815,937		(1,194,563)	40.58	80.75	-	-	-	-
Economic and Environmental Services:													
Planning and development	1,994,144	7,990,000	9,984,144	9,984,144	1,839,639		(8,144,505)	18.43	92.25	-	-	-	-
Road transport	6,668,290	1	6,668,291	6,668,291	7,729,852	1,061,561	1,061,561	115.92	115.92	-	-	-	-
Environmental protection	1,200,000	-	1,200,000	1,200,000	-		(1,200,000)	0.00	0.00	-	-	-	-
Trading Services:													
Electricity	64,493,441	250,001	64,743,442	64,743,442	6,054,752		(58,688,690)	9.35	9.39	-	-	-	-
Water	17,701,547	7,161,895	24,863,442	24,863,442	36,395,724	11,532,282	11,532,282	146.38	205.61	-	-	-	-
Waste water management	1,490,000	2,969,371	4,459,371	4,459,371	2,542,457		-	-	-	-	-	-	-
Total Capital Expenditure - Standard	97,037,947	19,810,543	116,848,490	116,848,490	55,526,861	12,696,143	(59,404,715)	47.52	57.22	-	-	-	-
(25,775)	25,775					102,300	1,916,914						
FUNDED BY:													
National Government	55,163,000	10,131,772	65,294,772	65,294,772	50,984,869		(14,309,903)	78.08	92.43	-	-	-	-
Transfers Recognised - Capital	55,163,000	10,131,772	65,294,772	65,294,772	50,984,869		(14,309,903)	78.08	92.43	-	-	-	-
Public Contributions & Donations													
Borrowing	60,030,000	-	60,030,000	60,030,000	430,397		(59,599,603)	0.72	0.72	-	-	-	-
Internally Generated Funds	4,667,000	9,654,500	14,321,500	14,321,500	4,111,595		(10,209,905)	28.71	88.10	-	-	-	-
Total Capital Funding	119,860,000	19,786,272	139,646,272	139,646,272	55,526,861	-	(84,119,411)	39.76	46.33	-	-	-	-

APPENDIX F
GA-SEGONYANA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June			
Equitable Share	Nat Treasury	27,448,000	21,171,000	16,468,000	-	-	-	-	-	N/A	787,000	N/A	N/A	Unspend	Yes	N/A
FMG	Nat Treasury	1,550,000	-	-	-	179,741	317,775	496,911	521,095	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	11,055,000	25,238,000	18,870,000	-	3,095,010	12,712,885	11,920,580	23,611,557	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	988,000	-	493,000	-	988,000	-	493,000	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DME Projects	DME	-	-	-	-	-	-	-	-	632,000	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	800,000	-	-	-	135,725	94,900	219,165	275,720	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPWP Incentive Grant	Nat Treasury	400,000	300,000	300,000	-	-	-	130,100	646,653	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Sport & Recreation	Province	466,000	-	466,000	-	100,376	113,780	474,033	243,870	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Blue Drop	DWAF	-	-	14,199	-	-	-	-	85,088	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Acip Water	DWAF	1,171,850	853,481	2,393,358	-	1,760,238	758,314	35,713	300,583	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Kuruman Reservoir	DWAF	-	203,258	1,689,011	-	-	89,696	1,689,011	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Amogelang Childhood	Nat Treasury	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Housing Grants	COGHSTA	2,515,369	9,348,914	12,512,179	5,928,338	2,515,369	3,111,433	13,113,971	6,424,951	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		46,394,219	57,114,653	53,205,747	5,928,338	8,774,459	17,198,783	28,572,484	32,741,517		-	787,000	-	-		

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?

APPENDIX G
GA-SEGONYANA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2013

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Any Other Benefits	Total Remuneration
Mayor Cllr TG Anthony	R	R	R	R	R	R
	-	497,060	-	157,181	27,164	681,405
Speaker Cllr TE Meyers	-	383,955	-	125,744	92,982	602,681
Executive Committee						
Cllr FP Byleveld	-	214,839	-	64,837	16,058	295,734
Cllr KA Keikabile	-	208,102	-	64,837	42,979	315,918
Cllr EB Modise	-	222,258	-	64,837	15,755	302,849
Other Councillors						
Cllr GC Assegai	-	150,014	-	-	63,020	213,034
Cllr K Bless	-	124,807	-	47,154	48,083	220,044
Cllr NS Bloem	-	166,983	-	15,297	46,487	228,767
Cllr MAP Brink	-	135,848	-	47,154	34,761	217,763
Cllr MJ Dichabe	-	95,168	-	31,857	14,145	141,170
Cllr NG Disipi	-	158,606	-	47,154	15,367	221,127
Cllr MC Leberegane	-	153,100	-	-	60,416	213,516
Cllr TH Lekgetho	-	123,504	-	47,154	43,270	213,929
Cllr KB Madikiza	-	169,016	-	-	47,316	216,331
Cllr KR Makwati	-	122,151	-	47,154	43,270	212,575
Cllr PQ Mogatle	-	162,927	-	35,471	46,469	244,867
Cllr RR Molelekwa	-	168,816	-	-	46,728	215,544
Cllr NG Morogong	-	124,807	-	47,154	48,083	220,044
Cllr B Mosegedi	-	9,240	-	4,565	6,290	20,095
Cllr LS Motingwe	-	122,593	-	47,154	43,270	213,017
Cllr BA Motlatsi	-	160,250	-	52,869	57,635	270,754
Cllr MJ Polelo	-	122,814	-	47,154	43,270	213,239
Cllr LC Rapelang	-	152,967	-	47,154	15,367	215,488
Cllr SM Rayn	-	151,669	-	47,154	13,872	212,695
Cllr NG Thupaemang	-	122,998	-	47,154	43,270	213,422
Cllr TT Tlholonyane	-	147,717	-	47,154	22,439	217,311
Sundries	-	-	-	-	-	(134,434)
Total for Councillors		4,372,209		1,183,343	997,768	6,418,885
Municipal Manager Mr GE Ntefang						
	-	797,262	-	162,000	18,000	977,262
Chief Financial Officer Ms MI Semana						
	-	643,549	39,900	84,000	15,600	783,049
Manager: Community Services						
Ms P Maape	-	447,679	-	-	10,400	458,079
Ms P Sampson	-	282,270	-	37,500	6,000	325,770
Manager: Corporate Services						
Mr M Tsatsimpe	-	639,541	-	-	22,504	662,045
Manager: Technical Services						
Mr L Govu	-	207,816	-	48,000	4,800	260,616
Total for Senior Managers	-	3,018,117	39,900	331,500	77,304	3,466,821
Total for Management	-	7,390,326	39,900	1,514,843	1,075,072	9,885,706

APPENDIX G
GA-SEGONYANA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2012

Incumbent	Fees for Services	Basic Salaries	Bonuses	Allowances	Any Other Benefits	Total Remuneration
Mayor Cllr TG Anthony	R	R	R	R	R	R
-	-	458,921	-	152,974	18,840	630,735
Speaker Cllr TE Meyers	-	367,137	-	122,379	18,840	508,356
Executive Committee	-	-	-	-	-	-
Cllr FP Byleveld	-	189,305	-	63,102	11,748	264,155
Cllr KA Keikabile	-	189,305	-	63,102	11,748	264,155
Cllr EB Modise	-	189,305	-	63,102	11,748	264,155
-	-	-	-	-	-	-
Other Councillors	-	-	-	-	-	-
Cllr GC Assegai	-	183,569	-	-	11,748	195,317
Cllr K Bless	-	137,677	-	45,892	11,748	195,317
Cllr NS Bloem	-	137,677	-	45,892	11,748	195,317
Cllr MAP Brink	-	137,677	-	45,892	11,748	195,317
Cllr NG Disipi	-	137,677	-	45,892	11,748	195,317
Cllr MC Leberegane	-	183,569	-	-	11,748	195,317
Cllr TH Lekgetho	-	137,677	-	45,892	11,748	195,317
Cllr KB Madikiza	-	183,569	-	-	11,748	195,317
Cllr KR Makwati	-	137,677	-	45,892	11,748	195,317
Cllr PQ Mogatle	-	137,677	-	45,892	11,748	195,317
Cllr RR Molelekwa	-	183,569	-	-	11,748	195,317
Cllr NG Morogong	-	137,677	-	45,892	11,748	195,317
Cllr B Mosegedi	-	137,677	-	45,892	11,748	195,317
Cllr LS Motingwe	-	137,677	-	45,892	11,748	195,317
Cllr BA Motlatsi	-	137,677	-	45,892	11,748	195,317
Cllr MJ Polelo	-	137,677	-	45,892	11,748	195,317
Cllr LC Rapelang	-	137,677	-	45,892	11,748	195,317
Cllr SM Rayn	-	137,677	-	45,892	11,748	195,317
Cllr NG Thupaemang	-	137,677	-	45,892	11,748	195,317
Cllr TT Tlholygonane	-	137,677	-	45,892	11,748	195,317
Total for Councillors	-	4,331,081	-	1,198,931	307,884	5,837,896
Municipal Manager	-	-	-	-	-	-
Mr AE Gaborone	-	336,179	-	44,500	7,500	388,179
Mr M Manyeneng	-	228,408	-	-	-	228,408
Mr M Mafa	-	91,363	-	-	-	91,363
Chief Financial Officer	-	-	-	-	-	-
Ms MI Semana	-	646,904	-	84,000	14,400	745,304
Manager: Community Services	-	-	-	-	-	-
Ms P Maape	-	730,904	-	-	14,400	745,304
Manager: Corporate Services	-	-	-	-	-	-
Ms KE Motabogi	-	164,726	-	18,000	3,600	186,326
Manager: Technical Services	-	-	-	-	-	-
Mr KI Kgarane	-	520,087	-	89,000	12,000	621,087
Total for Senior Managers	-	2,718,571	-	235,500	51,900	3,005,971
Total for Management	-	7,049,652	-	1,434,431	359,784	8,843,867